

U.S. v. Manafort

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1 UNITED STATES DISTRICT COURT
 2 FOR THE EASTERN DISTRICT OF VIRGINIA
 3 ALEXANDRIA DIVISION

3 -----x
 4 UNITED STATES OF AMERICA, :
 5 : Criminal Action No.
 6 : 1:18-CR-83
 7 versus :
 8 :
 9 PAUL J. MANAFORT, JR., :
 10 : August 7, 2018
 11 Defendant. : Volume VI - A.M.
 12 -----x

8 TRANSCRIPT OF JURY TRIAL
 9 BEFORE THE HONORABLE T.S. ELLIS, III
 10 UNITED STATES DISTRICT JUDGE

11 APPEARANCES:

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P R O C E E D I N G S

(Court proceedings commenced at 9:33 a.m.)

THE COURT: All right. The record will reflect that counsel and the defendant are present, prepared to proceed.

Anything we need to deal with at the outset, Mr. Andres?

MR. ANDRES: Just briefly, Judge. We have had a chance to work with the defense, and we appreciate their cooperation. I understand that they are going to stipulate to any venue issues, so we'll be able to avoid any evidence --

THE COURT: Good.

MR. ANDRES: -- with exhibits or witnesses. And maybe we can just get that on the record from the defendant.

THE COURT: All right. Well, you're both to be complimented for that.

Now, there are other things. I've received the Government's briefs on the summaries. The rules are pretty clear on that, as are the cases. The line that sometimes is difficult to discern is an indistinct line is between the presentation of voluminous data by way of charts and advocacy.

In other words, it is appropriate for the Government to prepare summary charts. It's not appropriate for the Government to present charts that do that and advocate at the same time by the way the matter is presented. I'm not going to look at all of it. That's your problem.

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1 MR. DOWNING: Understood.

2 THE COURT: So if there's no objection, you need to
3 let me know and counsel for the Government so we can proceed
4 expeditiously.

5 Anything else this morning?

6 MR. ANDRES: If we could just have our colleagues
7 from the defense side put on the record that they have no
8 objection to venue, that would be -- I think complete that
9 issue.

10 THE COURT: I'm sorry, I didn't hear you,
11 Mr. Andres?

12 MR. ANDRES: I just was asking Mr. Downing to
13 confirm that he's not going to object or consent to the venue
14 issue and I think the best way --

15 THE COURT: All right. Well, your representation
16 was sufficient for me.

17 MR. DOWNING: We consent, Your Honor.

18 THE COURT: Yes. Okay. I'm sure he would have
19 popped up if you had said something he didn't agree with. And
20 if you represented to me that it was done that way, I accept
21 the representation of counsel.

22 All right. You may bring the jury in, please.

23 (Jury in.)

24 THE COURT: You may be seated. Of course I can see
25 all of you are present and prepared to proceed. For purposes

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1 of the record, I will have Ms. Pham call the roll by the
2 numbers and we will proceed.

3 THE DEPUTY CLERK: Ladies and gentlemen, as I call
4 your name, please answer "present" or "here."

5 Juror 0008.

6 THE JUROR: Present.

7 THE DEPUTY CLERK: Juror 0037.

8 THE JUROR: Here.

9 THE DEPUTY CLERK: Juror 0276.

10 THE JUROR: Present.

11 THE DEPUTY CLERK: Juror 0017.

12 THE JUROR: Present.

13 THE DEPUTY CLERK: Juror 0145.

14 THE JUROR: Present.

15 THE DEPUTY CLERK: Juror 0115.

16 THE JUROR: Present.

17 THE DEPUTY CLERK: Juror 0082.

18 THE JUROR: Present.

19 THE DEPUTY CLERK: Juror 0009.

20 THE JUROR: Present.

21 THE DEPUTY CLERK: Juror 0299.

22 THE JUROR: Present.

23 THE DEPUTY CLERK: Juror 0091.

24 THE JUROR: Present.

25 THE DEPUTY CLERK: Juror 0302.

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1 THE JUROR: Present.

2 THE DEPUTY CLERK: Juror 0060.

3 THE JUROR: Present.

4 THE DEPUTY CLERK: Juror 0296.

5 THE JUROR: Present.

6 THE DEPUTY CLERK: Juror 0054.

7 THE JUROR: Present.

8 THE DEPUTY CLERK: Juror 0127.

9 THE JUROR: Present.

10 THE DEPUTY CLERK: And Juror 0133.

11 THE JUROR: Present.

12 THE DEPUTY CLERK: Thank you.

13 THE COURT: Once again, good morning, ladies and
14 gentlemen.

15 And I can understand your haziness on the number.
16 It brings to mind when I forgot my service number when I was
17 first a young member of the United States Navy. And that was
18 a painful experience. And to this day, some 60-some years
19 later, 647251.

20 (Audience laughter.)

21 Now, we'll proceed today. Let me confirm that all
22 of you were able to adhere to the Court's instructions to
23 refrain from discussing the case with anyone or undertaking
24 any investigation.

25 THE JURORS: Yes, Your Honor.

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1 THE COURT: Good. Thank you.

2 All right. Let's have Mr. Gates return. And,
3 Mr. Andres, you may complete your examination, which I think
4 you indicated would be another --

5 MR. ANDRES: Three to four hours, Judge.

6 THE COURT: All right.

7 Good morning, sir. You'll recall you're still under
8 oath, and you may resume the stand.

9 THE WITNESS: Thank you.

10 (Witness seated.)

11 THE COURT: All right. Mr. Andres, you may proceed.

12 MR. ANDRES: Thank you, Your Honor.

13 (Witness previously sworn 8/6/2018.)

14 **DIRECT EXAMINATION**

15 BY MR. ANDRES:

16 Q. Mr. Gates, yesterday you testified about a payment
17 structure from businessmen in Ukraine to Mr. Manafort's shelf
18 companies in the -- in Cyprus. Do you remember that?

19 A. Yes.

20 Q. Okay. With respect to the structure of those payments,
21 did Mr. Manafort tell you why he was paid through Cypriote
22 entities?

23 A. Yes. He indicated that the Ukrainian businessmen wanted
24 to set up Cyprus bank accounts in order to make transfers to
25 Mr. Manafort through entities that he needed to set up in

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1 Cyprus as well.

2 Q. During the course of that process, were you involved in
3 obtaining those payments from the Ukrainian businessmen?

4 A. Yes.

5 Q. Okay. And did you learn the names of the Cypriote
6 entities that were controlled by the Ukraine businessmen?

7 A. Yes.

8 Q. Are you familiar with the name Bedel Ventures Limited?

9 A. Yes.

10 Q. Who controlled Bedel Ventures Limited?

11 A. It was controlled by a businessman named Mr. Kolesnikov.

12 Q. And where is he from?

13 A. I believe he's from Ukraine.

14 Q. And did he hold a position in the -- in the government in
15 Ukraine?

16 A. He did. In the time that they were in power, he held the
17 position of minister of transportation. That was also a
18 leader in the party.

19 Q. Are you aware of whether there were payments from Bedel
20 Ventures Limited to Mr. Manafort's Cypriote accounts?

21 A. There were.

22 Q. And what were those payments for?

23 A. It was for political work for political campaigns.

24 Q. During the course of your work for Mr. Manafort, did you
25 become familiar with an entity named Dresler Holdings Limited?

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1 A. Yes.

2 Q. What was Dresler Holdings Limited?

3 A. Dresler Holdings was an entity held by another Ukrainian
4 businessman, Serhiy Tihipko, who helped finance the lobbying
5 campaign in the United States and the European Union.

6 Q. And those payments were made to Mr. Manafort?

7 A. Yes.

8 Q. Are you familiar with an entity called Firemax
9 Corporation?

10 A. Yes.

11 Q. What is Firemax Corporation?

12 A. Firemax Corporation is an entity, again, that was held by
13 Mr. Kolesnikov. It was used for political work.

14 Q. Inlord Sales, LLP, can you tell me what that was?

15 A. Yes. That was an entity, again, held by Mr. Kolesnikov
16 for payments regarding political work.

17 Q. Payments to Mr. Manafort?

18 A. Yes.

19 Q. How about Mistaro Ventures Limited?

20 A. Mistaro Ventures was also Mr. Kolesnikov and, again,
21 payments for political work for Mr. Manafort.

22 Q. Novirex Sales, LLP, are you familiar with that entity?

23 A. Yes.

24 Q. What is?

25 A. Novirex was held by another businessman named Andriy

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1 Klyuyev, and it was a payment for political work.

2 Q. You said Andriy Klyuyev.

3 A. Yes.

4 Q. Was he identified by certain initials on memorandum and
5 otherwise at your company?

6 A. He was.

7 Q. What initials?

8 A. AK.

9 Q. How about Plymouth Consultants Limited, what was that?

10 A. Plymouths Consultants Limited was an entity held by
11 Ukrainian businessman named Victor Pinchuk, and that was in
12 relation to a legal project.

13 Q. How about Sea Chaika Corp., what did you understand that
14 to be?

15 A. Sea Chaika Corp. was related to a non-Ukrainian
16 businessman, and it was in regards to expenses for a different
17 campaign.

18 Q. And those payments were made into Mr. Manafort's Cypriote
19 bank accounts?

20 A. Yes.

21 Q. How about Taunton Business Limited, what was that?

22 A. Taunton Business Limited is a company that was held by
23 Serhiy Lovochkin, and it was used for payments for political
24 work and for policy contract later on.

25 Q. And how is Serhiy Lovochkin referenced in the various

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1 memos from DMP International?

2 A. SL.

3 Q. How about Telmar Investments Limited?

4 A. Telmar was also held by Mr. Lovochkin, and it was
5 primarily used for political and policy work.

6 Q. And who did he make payments to?

7 A. Mr. Manafort.

8 Q. Viewpoint Trade, LLP?

9 A. Viewpoint Trade was a entity by Mr. Kolesnikov, and that
10 was used for political work.

11 Q. Okay. You testified about the various bank accounts and
12 entities used for the payments from the Ukrainian businessmen
13 to Mr. Manafort.

14 Was there a process in place to initiate payment?

15 A. There was.

16 Q. Did that involve the execution of consultancy agreements?

17 A. It did.

18 Q. Did you play a role with respect to the drafting of those
19 consultancy agreements?

20 A. Yes.

21 Q. Can you explain what the process was?

22 A. Yes. Early on Mr. Manafort would sit with the relevant
23 leaders of the party. They would craft a budget for the
24 political campaign for any given year. They would agree to an
25 amount and typically agree to a payment structure.

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1 Once that payment structure was agreed to, I would
2 either be contacted by Mr. Manafort or Mr. Kilimnik to put
3 together a draft agreement, which outlined the terms of the
4 contract.

5 And then what they would typically do is we would be
6 given an amount. I would put the amount into the contract.
7 Then we would have our Cypriote agent execute that contract,
8 send it back to Mr. Kilimnik, who would handle the contract on
9 the Ukrainian side.

10 Q. Can I ask you to take a look at Government Exhibit 60 --
11 66F.

12 MR. ANDRES: Your Honor, the Government moves to
13 admit 66F pursuant to 18 U.S.C. 3505. They're international
14 business records that have been certified?

15 THE COURT: Any objection?

16 MR. DOWNING: No, Your Honor.

17 THE COURT: Admitted.

18 (Government's Exhibit No. 66F
19 admitted into evidence.)

20 BY MR. ANDRES:

21 Q. Mr. Gates, can I ask you to take a look at Government
22 Exhibit 66F? Can you tell me, have you seen those documents
23 before?

24 A. Yes.

25 Q. Do they include some of the consultancy agreements that

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1 you were referring to?

2 A. They do.

3 Q. Do they also include loan agreements?

4 A. Yes.

5 Q. Let me start with Government Exhibit 66F at Page 11 at
6 the bottom.

7 MR. ANDRES: Your Honor, may I publish this exhibit?

8 THE COURT: You may.

9 BY MR. ANDRES:

10 Q. Mr. Gates, can you tell me what's contained in Government
11 Exhibit 66F at Page 11?

12 A. Yes. This is an example of the consultancy agreement
13 that was a template given to us by our Cypriote attorney. We
14 would typically fill in the details regarding the agreement
15 and the parties between which the payment was made and then it
16 would also contain the amount of that specific payment that
17 was going to be made.

18 Q. Okay. If you look at the agreement, can you tell me what
19 the date of the agreement is?

20 A. The date of this agreement is 5 June 2012.

21 Q. And can you identify who the parties are?

22 A. Parties are Black Sea View Limited and Dresler Holdings
23 Limited.

24 Q. What was Black Sea View Limited?

25 A. Black Sea View Limited was an entity held by Mr. Manafort

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1 in Cyprus.

2 Q. And how about Dresler Holdings Limited?

3 A. Dresler Holdings Limited was an entity held by Serhiy
4 Tihipko.

5 Q. Can I ask you to turn to paragraph 4, which is on
6 Page 13?

7 What's contained in paragraph 4 of this consultancy
8 agreement?

9 A. The amount that was actually paid in the contract. So
10 this did not represent the total contract value, but just
11 actually how much money was being wired from the Ukrainian
12 businessmen.

13 Q. Okay. And how much is listed in this contract?

14 A. In this contract it's \$1.1 million.

15 Q. Can I ask you to turn to the page at 66F, Page 15?

16 What was that, Mr. Gates?

17 A. This is another consultancy agreement that was prepared
18 in regards to a payment for a different project.

19 Q. Okay. Do you know what project this is for?

20 A. Since it was Telmar Investments, it was likely either
21 related to the parliamentary election in 2012 or it could have
22 been the policy work that was done as well.

23 Q. Can you tell us what the date of this agreement is?

24 A. 1 June 2012.

25 Q. And who are the parties?

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1 A. Black Sea View Limited and Telmar Investments Limited.

2 Q. And you previously testified about Black Sea View
3 Limited. What's Telmar Investments?

4 A. Telmar Investments, again, is an entity held by Mr.
5 Lovochkin, a Ukrainian businessmen.

6 Q. And Mr. Lovochkin is referred to as "SL" throughout the
7 company documents?

8 A. Yes.

9 Q. Can you turn to -- at paragraph 4, and tell us what the
10 amount agreed upon for some portion of this contract was?

11 A. In this particular contract, the fee is for 1 million
12 euros.

13 Q. Okay. And does that constitute the full payment of the
14 contract?

15 A. It does not.

16 Q. Can you turn to Page 12 of the agreement? I think
17 it's -- scratch that. It's at the bottom of Page 21. 66F,
18 Page 21.

19 Do you see the reference there to Chrysostomides &
20 Company?

21 A. Yes.

22 Q. What is that?

23 A. Chrysostomides is the company with the law firm that
24 Mr. Manafort employed to set up the various Cypriote entities
25 and which all Cypriote paperwork went to.

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1 Q. And is that -- was that firm associated with Dr. K?

2 A. Yes.

3 Q. Can I ask you to turn to Page 25?

4 Can you tell me what this is?

5 A. Again, it's another consultancy agreement for a specific
6 project.

7 Q. And who is this agreement between?

8 A. This agreement is between Black Sea View Limited and
9 Dresler Holdings Limited.

10 Q. And what is Dresler Holdings?

11 A. Dresler Holdings is an entity that was held by Serhiy
12 Tihipko.

13 Q. Okay. And what are his initials?

14 A. ST.

15 Q. Can I ask you to turn to Page 37?

16 Do you see that?

17 A. Yes.

18 Q. What's -- is there a consultancy agreement included on
19 Page 37?

20 A. There is.

21 Q. And who are the entities?

22 A. Peranova Holdings Limited and Telmar Investments Limited.

23 Q. And what's the date of the agreement?

24 A. 1 November 2011.

25 Q. And you previously testified that Telmar related to

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1 Serhiy Lovochkin.

2 What is Peranova Holdings Limited?

3 A. Peranova Holdings Limited is a company that Mr. Manafort
4 set up in Cyprus.

5 Q. And did Peranova Holdings Limited receive income from the
6 Ukraine business -- Ukrainian businessmen?

7 A. It did.

8 Q. Okay. That's the same entity that you -- that you
9 represented -- or was that income ever represented as
10 something else to either Ms. Washkuhn or to the tax preparers?

11 A. It was.

12 Q. What was it classified as?

13 A. It was classified as a loan.

14 Q. Okay. And who classified it as a loan?

15 A. Mr. Manafort.

16 Q. Okay. Why did he do that?

17 A. At the time, I believe that he was trying to decrease the
18 amount of taxable income for that particular tax year.

19 Q. As far as you're aware, was there ever a loan extended
20 from Peranova Holdings?

21 A. No.

22 Q. Okay. And who controlled Peranova Holdings?

23 A. Mr. Manafort.

24 Q. And was there consistently income to Peranova Holdings?

25 A. There was.

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1 Q. And where did that come from?

2 A. It came from the electoral work that we did in Cyprus.

3 Q. Can I ask you to turn to Page --

4 A. Excuse me, in Ukraine.

5 Q. Can I ask you to turn to Page 64 of Government Exhibit
6 66F?

7 Can you tell me what that is?

8 A. Another consultancy agreement.

9 Q. And who's this between?

10 A. Leviathan Advisors and Telmar Investments.

11 Q. Okay. You testified about Telmar. What's Leviathan
12 Advisors?

13 A. Leviathan Advisors is another entity that was set up by
14 Mr. Manafort in Cyprus.

15 Q. Okay. For what purpose?

16 A. It was to receive payments. In this case, it looks like
17 it was related to the policy contract.

18 Q. And what was the purpose of these payments?

19 A. The purpose of these payments was for policy work.

20 Q. Can you turn to Paragraph 4 in the agreement, which is on
21 Page 41?

22 Can you identify for the jury what the terms of this
23 agreement were in terms of payment?

24 A. Yes. It was a fee of 3 million euros.

25 Q. Okay. Why is this contract in euros and not dollars?

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1 A. At a point in time, the Ukrainian businessmen started
2 using the euro currency as opposed to U.S. dollar currency
3 because, in some instances, it was easier to make payments,
4 and in other instances, the currency exchange rate was better
5 using the euro.

6 Q. Can I ask you to turn to Page 75?

7 Do you see the signature page for this consultancy
8 agreement?

9 A. Yes.

10 Q. Who signed on behalf of the parties?

11 A. So these are both the Cypriote directors of the companies
12 that represented each of the Cyprus entities.

13 Q. Do you see a reference at the bottom of the page to
14 "Inter Jura CY"?

15 A. Yes.

16 Q. What is that?

17 A. Inter Jura CY was a subsidiary company of
18 Mr. Chrysostomides. In Cyprus, you have what they call
19 director companies and they just act as directors for the
20 various companies that are set up. So in this case, Inter
21 Jura pertained to the Leviathan entity.

22 Q. And the entities that were set up on behalf of
23 Mr. Manafort, Leviathan, for example, did they sell any
24 products?

25 A. No.

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1 Q. Did they have any employees?

2 A. No.

3 Q. What was the purpose of those entities?

4 A. The purpose of the entities was to accept payments and
5 make payments in and out of the companies.

6 Q. Can I ask you to turn to Government Exhibit 66B?

7 MR. ANDRES: Your Honor, the Government admits 66B
8 also pursuant to 18 U.S.C. 3505 international bank records
9 that have been certified.

10 MR. DOWNING: No objection.

11 THE COURT: Admitted.

12 (Government's Exhibit No. 66B
13 admitted into evidence.)

14 BY MR. ANDRES:

15 Q. With respect to Government Exhibit 66B, Mr. Gates, can
16 you turn to Page -- at the bottom, it says Page 006?

17 MR. ANDRES: May I publish that, Your Honor?

18 THE COURT: Yes.

19 BY MR. ANDRES:

20 Q. Can you tell me what that is, Mr. Gates?

21 A. This is a -- again, a consultancy agreement between DMP
22 International and Telmar Investments Limited.

23 Q. Okay. And these agreements identified DMP International
24 directly?

25 A. Yes.

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1 Q. And why have these changed that there's no reference to
2 the Cypriote entity?

3 A. At a point in time, Mr. Manafort had worked with a
4 specific bank, and because of the difficulty in many cases of
5 getting payments from Cyprus to the United States, he
6 approached the bank directly and outlined for them the type of
7 work that he did. As a result, they were willing to take on
8 the risk, if you will, of accepting payments from Cyprus. So
9 then we were able to get the payments directly from the
10 Ukrainian businessmen into the business account in the United
11 States?

12 MR. DOWNING: Your Honor, can I have a moment just
13 to ask a question of the Government?

14 (A pause in the proceedings.)

15 THE COURT: Mr. Downing, I didn't quite hear you.

16 MR. DOWNING: I'm sorry. I just wanted to confer
17 with Government as to where we were in the exhibit. Thank
18 you.

19 THE COURT: All right. You've done so. Proceed.

20 BY MR. ANDRES:

21 Q. And can you turn to Paragraph 4 of this document?

22 And can you identify what the terms of this document
23 were?

24 A. Yes, this is for a payment of \$1 million.

25 Q. Okay. And do you -- do you remember which project this

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1 document -- this contract relates to?

2 A. Yes, this would be in relation to a new political project
3 that Mr. Manafort began working on called the Opposition BLOC.

4 Q. Okay. At the point that the Opposition BLOC began, was
5 President Yanukovych, was he still in power?

6 A. He was not.

7 Q. And what had happened to the Party of Regions?

8 A. The Party of Regions had dissolved for the most part.

9 Q. Okay. And with respect to this document -- let me show
10 you first, there's another one at Page 019 -- yeah, I'm
11 sorry -- yeah, 019.

12 Can you tell me what that is?

13 A. Yes. This is a consultancy agreement between DMP
14 International and Telmar Investments.

15 Q. Okay. And what does this project relate to?

16 A. Again, this is related to the Opposition BLOC political
17 work.

18 Q. Okay. If you look at the last page of that contract,
19 031, you testified that the contract is in the name of DMP.
20 Who signs for DMP?

21 A. In this case, because the transfer was occurring from
22 Cyprus, we had our Cypriote director sign it.

23 Q. So even though the agreement is between DMP and Telmar,
24 the payment still goes to Cyprus?

25 A. No, the payment went directly to DMP.

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1 Q. Okay. And so why is Inter Jura signing on behalf of DMP?

2 A. I have -- I don't know.

3 Q. Okay. But Inter Jura, who controls that entity?

4 A. Inter Jura is controlled by Chrysostomides and company.

5 Q. Okay. I've shown you a series of consultancy agreements.

6 Is it fair to say there are more of these or these are

7 examples of the types of documents you used to get payment?

8 A. Yes, they are.

9 Q. Okay. Let me ask you to turn back to Government Exhibit
10 66F and look at the first page.

11 Can you tell me what that is?

12 A. Yes, this is a loan agreement that was constructed in
13 regards to the financial transfer between the two entities in
14 Cyprus.

15 Q. Okay. And what was the purpose of this loan document?

16 A. So in Cyprus you also had to file what were called
17 audits. And in order to ensure that all transactions were
18 recorded, there needed to be some sort of agreements between
19 the various entities that received payments and had outgoing
20 payments. So it was, in essence, a way to make sure that
21 every financial transaction in Cyprus was tracked.

22 Q. So as part of this Cyprus audit, did you track all of the
23 payments from the Ukraine businessmen to Mr. Manafort?

24 A. Our law firm did, yes.

25 Q. Okay. And were you involved in that process?

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1202

1 A. Yes.

2 Q. And was Mr. Manafort?

3 A. He was aware of the process. He wasn't involved from a
4 day-to-day basis.

5 Q. Okay. And in terms of those loan agreements, were there
6 actually loans between the Ukrainian businesses and the --
7 Mr. Manafort's Cypriote account?

8 A. In Cyprus, they were documented as loans. In reality, it
9 was basically money moving among the accounts.

10 Q. Okay. And for the --

11 THE COURT: By that, do you mean they were
12 compensation?

13 THE WITNESS: Yeah, so --

14 THE COURT: For work done?

15 THE WITNESS: Yes, correct, Your Honor.

16 THE COURT: Compensation for work done.

17 THE WITNESS: Yes.

18 THE COURT: By the Manafort group.

19 THE WITNESS: Yes.

20 THE COURT: Next question.

21 BY MR. ANDRES:

22 Q. Were you involved -- were those documents, were they
23 dated correctly, the loan agreements?

24 A. They were -- the dates of the agreements are based on the
25 dates of the transactions.

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1203

1 Q. Okay.

2 A. But these -- a lot of the loan agreements are backdated
3 simply because in Cyprus, you have the ability to file your
4 audits two years after the calendar year in which the work was
5 done. So they give you a little bit of time.

6 Q. You testified earlier about payments from Ukrainian
7 businessmen to Mr. Manafort. Did that include payments for
8 policy work?

9 A. It did.

10 Q. Okay. What type of policy work did Mr. Manafort do in
11 the Ukraine?

12 A. When Viktor Yanukovich was elected president and the
13 Party of Regions took control, Mr. Manafort entered into a
14 policy contract. And we describe it as policy advisory in the
15 sense of once Mr. Yanukovich was elected, he was elected on a
16 platform of issues. So Mr. Manafort worked with the local
17 political officials there to help implement those policy
18 initiatives based on those campaign promises.

19 Q. And was there an agreement for a two-year policy contract
20 or payments over a two-year period of time?

21 A. Well, it was -- it started out as potentially once the
22 president was elected, it was on an annual basis. But the
23 belief was, is that it would be for the duration of the
24 president's tenure.

25 Q. And in terms of the two years, at least, what were --

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1 what were the terms or the payments? What was the total
2 amount and what were the installment payments?

3 A. Uh-huh. So the total amount was \$4 million a year. And
4 I think one year, it was actually changed again from a
5 denomination point of view to 4 million euros, and then the
6 payments were broken up into \$1 million quarterly payments.

7 Q. Can I ask you to turn to Government Exhibit 359?

8 Can you tell me what that is when you get there?

9 Excuse me.

10 A. Yes. This is a memo that I prepared for Mr. Manafort in
11 regards to the payments that were outstanding and the payments
12 that had been made related to the policy contract work in
13 2011.

14 Q. Let me just stop you there.

15 MR. ANDRES: Your Honor, the Government moves to
16 admit Government Exhibit 359. Oh, it's in evidence already,
17 Judge. I'm sorry. Excuse me. May I publish it?

18 THE COURT: Yes, you may.

19 BY MR. ANDRES:

20 Q. Can we start with the top, Mr. Gates?

21 Can you explain who the document is to, from, the
22 subject, and the date?

23 A. Yes. The document is to SL and YN from Mr. Manafort.
24 The subject is consulting payments. The date is October 11,
25 2011.

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1 Q. You've testified previously about SL. How about YN, who
2 is that?

3 A. YN was Mr. Lovochkin's sister. Her name was Yulia (ph).

4 Q. Do you know what her last name was?

5 A. Nemovski (ph), I think, Nemovski.

6 Q. Okay. And who's the -- who's the memorandum from?

7 A. Mr. Manafort.

8 Q. And the subject is consulting payments. What does that
9 refer to?

10 A. This refers to the policy contract work that Mr. Manafort
11 had at this time.

12 Q. Can you read the first paragraph and explain it to the
13 jury?

14 A. (As read): "This document outlines the total fees owed
15 and the fees that have been paid in relation to the consulting
16 agreement between Telmar Investments and Leviathan Advisors
17 for March 2011 to 2012."

18 Q. And what does that mean that the fees that have been paid
19 from Telmar to Leviathan?

20 A. Again, Telmar is an entity that was held by Mr. Lovochkin
21 who was paying the policy contract. So the terms, again, were
22 the four million, in this case, euros a year. And if you look
23 at the document, you can see it's broken down by quarter. So
24 it tracks the actual quarterly payment made.

25 Q. And once the money gets to Leviathan, do you know what

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1206

1 Mr. Manafort does with it then?

2 A. I don't. I mean, he moved money from Leviathan in some
3 case to the United States. In some cases, he left it in
4 Leviathan.

5 Q. With respect to the Leviathan account in Cyprus, did you
6 ever report that to Heather Washkuhn, Mr. Manafort's
7 bookkeeper?

8 A. No.

9 Q. Did you ever report it to any of his tax preparers at
10 KWC?

11 A. No.

12 Q. There's a chart on the memo in Government Exhibit 359.

13 Can you explain what that is?

14 MR. ANDRES: Your Honor, is that me with the
15 feedback?

16 THE WITNESS: The chart indicates, again, the --
17 both the expenses and the quarterly payments that have both
18 been made and the outstanding balance that is still due.

19 BY MR. ANDRES:

20 Q. And at the bottom where it says, "total contract," what
21 does that refer to?

22 A. That's the total contract value for that year included in
23 the expenses.

24 Q. And in what denomination is that listed?

25 A. This contract is in euros.

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1 Q. Okay. For the last -- can you just read the last line of
2 the memorandum?

3 A. "I am requesting that this outstanding balance be paid as
4 soon as possible."

5 Q. And what did you understand that to mean?

6 A. That Mr. Manafort was looking for the remaining balance
7 that was due on the contract.

8 Q. With respect to the policy work that Mr. Manafort is
9 being paid for in Government Exhibit 359, did you write memos
10 on behalf of Mr. Manafort to outline that work?

11 A. Yes, in some cases, I did as well as the staff in
12 Ukraine.

13 Q. Okay. And who did those memos go to, for example?

14 A. They would typically go to various members of the party
15 leadership, including Mr. Lovochkin, who, at this time, was
16 the chief of staff to the president, and in some cases, to the
17 president himself.

18 Q. Can I ask you to turn to Government Exhibit 350?

19 Can you tell me what that is?

20 A. This is a memo that was drafted by our two lobbying firms
21 that were hired in the United States, and they put together a
22 memo that went from Mr. Manafort to the president of the
23 Ukraine to describe the activity.

24 Q. And what were those lobbying firms?

25 A. It was Mercury Public Affairs and the Podesta Group.

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1 Q. And this is part of the work that you were doing for the
2 overall policy project?

3 A. It was labeled as a different project called Engage
4 Ukraine, but it was related to policy, yes.

5 Q. Okay. And in terms of the payment for Mr. Manafort,
6 those were the payments that we just saw in the prior exhibit
7 from Serhiy Lovochkin?

8 A. Some of those payments were, but there was a separate
9 payment specifically for the lobbying work from Mr. Tihipko.

10 Q. I'm referring to the payments to Mr. Manafort, not the
11 payments that were --

12 A. Oh, yes.

13 Q. Okay.

14 A. Payments to Mr. Manafort, correct.

15 Q. And then just in terms -- you mentioned Engage Ukraine.
16 What was that?

17 A. Engage Ukraine became the strategy for helping Ukraine
18 enter into the European Union, and as a result, a public
19 affairs effort was put together both in the EU and the U.S.
20 for that work.

21 Q. Was there also a project referred to as the Hapsburg
22 Project?

23 A. Yes.

24 MR. ANDRES: Your Honor, the Government moves to
25 admit Government Exhibit 350.

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1 MR. DOWNING: No objection.

2 THE COURT: Admitted.

3 (Government's Exhibit No. 350
4 admitted into evidence.)

5 MR. ANDRES: May I publish it?

6 THE COURT: Yes.

7 MR. DOWNING:

8 Q. All right. Zoom in on the top.

9 Just with respect to Government Exhibit 350 that you
10 testified about, can you identify the heading of the memo?

11 A. Yes, it was to the president, Mr. Yanukovych, from
12 Mr. Manafort.

13 Q. Okay. And there's a reference to U.S. consultants
14 quarterly report. What does that refer to?

15 A. This refers to the report that was drafted by the two
16 U.S. consulting firms identified.

17 Q. Okay. I was asking you whether you were familiar with a
18 project called the Hapsburg Project. What was that?

19 A. The Hapsburg Project was a separate initiative that was
20 kind of tied into the overall effort to have Ukraine align
21 with the European Union.

22 The Hapsburg Group used former European politicians
23 to help interface with European politicians to work on that
24 effort.

25 Q. Was there also work that you did together with

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1 Mr. Manafort that involved hiring of an international law
2 firm?

3 A. Yes.

4 Q. Okay. What law firm was that?

5 A. Skadden Arps.

6 Q. And work did that relate to?

7 A. Skadden Arps related to a independent legal report that
8 was done in conjunction with a former political official that
9 had a trial in Ukraine.

10 Q. You testified that, at some point, Mr. Manafort's work
11 for President Yanukovych and the Party of Regions came to an
12 end?

13 A. It did.

14 Q. Approximately, when was that?

15 A. The last project we did for the Party of Regions was at
16 the beginning of 2014, and then we picked up with another
17 political project that also went to the end of 2014 in
18 October.

19 Q. With respect to the time frame when President Yanukovych
20 lost power, what effect, if any, did that have on
21 Mr. Manafort's income stream?

22 A. I would say that it decreased the income stream.

23 Q. How?

24 A. Because there was a change in the -- in the power
25 structure and a new political party needed to be created,

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1 which meant that we had to go through and work to build a new
2 contract.

3 Q. Did you work with the Opposition BLOC?

4 A. I did.

5 Q. And did the Opposition BLOC ever come to power within
6 Ukraine?

7 A. It didn't come to power. It won seats in Parliament.

8 Q. Okay. As a result of work that you and Mr. Manafort did
9 for the Opposition BLOC?

10 A. Yes.

11 Q. As a result of it being the minority party, were you able
12 to do additional work for Opposition BLOC?

13 A. The hope was to do additional work for the Opposition
14 BLOC, but because most of the Opposition BLOC or a good
15 portion of it had been aligned with the Party of Regions, they
16 were, in essence, out of power. So the income streams were
17 more difficult to come by.

18 Q. Okay. And did you continue to obtain additional work for
19 Mr. Manafort or obtain additional work for the Opposition
20 BLOC?

21 A. No.

22 Q. At some point, in addition to working for the Opposition
23 BLOC, did you also work on local elections?

24 A. We worked on local elections in the prior year.

25 Q. Okay. And what election did that relate to?

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1 A. That related to the -- well, there was the presidential
2 election in 2014 that Mr. Manafort worked on very briefly.
3 And then the parliamentary election in 2014, which was at the
4 end of the year.

5 Q. Okay. For the presidential election, who did
6 Mr. Manafort work for?

7 A. He was assisting the current president, Mr. Poroshenko.

8 Q. And was he paid for that work?

9 A. I don't believe he was.

10 Q. Was that work substantial with -- did he have the same
11 position with respect to that campaign that he had for
12 president --

13 A. No, he did not.

14 Q. At some point did your work in the Ukraine come to an
15 end?

16 A. Yes.

17 Q. Approximately, when was that?

18 A. The last election we worked on was the parliamentary
19 election of 2014. And there was no other political campaign
20 work after that time.

21 Q. And with respect to that work for the Opposition BLOC,
22 was Mr. Manafort paid in full?

23 A. He was not.

24 Q. Was he paid -- was part of his bill paid?

25 A. Yes, I believe part of the bill was paid.

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1 Q. If you can turn to Government Exhibit 352. Can you tell
2 me what that is?

3 A. Yes. This is a memo that Mr. Manafort drafted to the
4 leadership of the Opposition BLOC party following the
5 parliamentary election in 2014.

6 MR. ANDRES: Your Honor, the Government moves to
7 admit Government Exhibit 352.

8 MR. DOWNING: No objection.

9 THE COURT: It's admitted.

10 (Government's Exhibit No. 352
11 admitted into evidence.)

12 MR. ANDRES: May I publish it?

13 THE COURT: You may.

14 BY MR. ANDRES:

15 Q. With respect to the cover e-mail, can you explain what
16 that is?

17 A. Yes. It's an e-mail from Mr. Manafort to Mr. Kilimnik
18 and myself indicating that he has attached the final version
19 of the memo, which outlines the priorities of the Opposition
20 BLOC strategy moving forward.

21 Q. And this is the work you were describing that was sort of
22 the last work you were doing in the Ukraine?

23 A. Yes. The hope was that this effort would lead to an
24 additional contract.

25 Q. Mr. Manafort writes, "Your opinions on when we should

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1 circulate the memo, the options are next week for when I
2 arrive in Kyiv on approximately November 10th."

3 Did you have an understanding from this e-mail where
4 Mr. Manafort was when he wrote it?

5 A. I do not.

6 Q. Okay. Is it fair to understand it wasn't in Kyiv?

7 A. Correct.

8 Q. And was Mr. Manafort often able to manage his work in
9 Kyiv when he wasn't there?

10 A. Yes.

11 Q. And did you -- when you were not in Kyiv, were you able
12 to communicate with people there?

13 A. Yes.

14 Q. With respect to the memo that's attached to Government
15 Exhibit 352, can I just ask you to look at the top of that
16 memo?

17 And identify who it's to, who's CC'd, and who it's
18 from.

19 A. Yes. It's to Mr. Levochkin and Mr. Akhmetov who are
20 pretty much leading the new Opposition BLOC that's been
21 formed. And CC'd OB leadership, included a series of other
22 Ukrainian businessmen that were part of the Opposition BLOC
23 party.

24 Q. What role did Serhiy Lovochkin or what role did SL and RA
25 play with respect to the Opposition BLOC?

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1 A. They were principally the financiers of the new political
2 party.

3 Q. You testified earlier that Mr. Manafort had difficulty
4 receiving payment for his work for the Opposition BLOC. Can
5 you explain what efforts were made to obtain that payment?

6 A. Yes. There were a series of memos that Mr. Manafort had
7 sent to Mr. Kilimnik to translate and deliver. In addition,
8 Mr. Manafort used Mr. Kilimnik to work with the Opposition
9 BLOC leadership to secure the payments.

10 Q. And earlier you had testified about a process involving
11 consultancy agreements to initiate payment from the Ukraine
12 businessmen. Did you follow that same procedure here?

13 A. We did when the payments were made, yes.

14 Q. Okay. And with respect to that process to obtain the
15 payments from the Opposition BLOC, what role, if any, did you
16 play?

17 A. Again, once Mr. Kilimnik or Mr. Manafort confirmed that a
18 payment was going to be made, I worked with the Cypriote law
19 firm to draft the consultancy agreement and then returned it
20 to Ukraine for execution.

21 Q. Can I ask you to turn to Government's Exhibit 364?

22 Do you recognize that?

23 A. Yes.

24 Q. Are you listed on that e-mail?

25 A. I am.

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1 Q. And is there attached documents?

2 A. There is.

3 Q. Were you involved in preparing those?

4 A. Yes.

5 Q. And did these documents in the e-mail relate to the
6 efforts to obtain payment from the Opposition BLOC?

7 A. They did.

8 MR. ANDRES: The Government moves to admit 364, Your
9 Honor.

10 MR. DOWNING: No objection.

11 THE COURT: Admitted.

12 (Government's Exhibit No. 364
13 admitted into evidence.)

14 MR. ANDRES: May I publish it?

15 THE COURT: You may.

16 BY MR. ANDRES:

17 Q. Starting with the top e-mail in Government Exhibit 364,
18 can you identify who it's "to" and "from" and the date?

19 A. It's to me from Mr. Kilimnik, and it's dated August 25,
20 2015.

21 Q. Okay. How about the subject?

22 A. Subject is "Contract for 1."

23 Q. Okay. Starting with the e-mail all the way at the
24 bottom, there's an e-mail from Mr. Kilimnik at 11:07 a.m. Can
25 you explain or summarize that e-mail?

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1 A. Yes. Mr. Manafort and Mr. Kilimnik had been in contact
2 regarding the payment that Mr. Manafort was seeking from the
3 Opposition BLOC. Mr. Kilimnik asked me to send the initial
4 pro forma documents, including the details that he had given
5 me to execute the payment.

6 Q. There's a reference at the bottom that says, "This is to
7 calm Paul down."

8 What did you understand that to mean?

9 A. The payment was well overdue. The campaign occurred in
10 October of 2014. So payment was significantly, you know,
11 overdue and Mr. Manafort was quite upset that the money had
12 not been sent. So Mr. Kilimnik wanted to start the paperwork
13 process in order to, you know, create the -- create the
14 scenario that we were making the effort to get the payment.

15 Q. And what was Mr. Manafort's financial situation in July
16 of 2015?

17 A. It was, I'd say, substantially decreased in terms of the
18 amount of income he had received from prior years.

19 Q. Was he having issues paying his bills?

20 A. He was.

21 Q. And at this time in July of 2015, did Mr. Manafort have
22 any work in the Ukraine?

23 A. No, not in the Ukraine.

24 Q. Did DMP International have any clients?

25 A. No.

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1218

1 Q. If you turn to the top portion of the e-mail there's a
2 reference that says, "I have no idea where this amount come
3 from, but this is SL's people's request anyway."

4 Can you explain that?

5 A. Yes. So, originally, Mr. Levochkin was going to send a
6 million per the agreement he and Mr. Manafort had entered
7 into.

8 Mr. Kilimnik then responded that the payment, in
9 essence, had been decreased and that they were going to be
10 sending a payment of 500,000 instead.

11 Q. Okay. Can you look at the attachment of Government
12 Exhibit 364? Can you tell me what that is?

13 A. Again, this is the pro forma contract which identifies
14 DMP International and Telmar Investments Limited, which was
15 Mr. Levochkin's entity.

16 Q. And why you were attaching this to -- did you draft this?

17 A. Yeah. The Cypriote attorneys drafted the template. I
18 entered the information in terms of the individual parties.

19 Q. And the Telmar Investments, who controlled Telmar
20 Investments?

21 A. Mr. Levochkin.

22 Q. And if you look back at the e-mail, that's the reference
23 to "SL"?

24 A. It is.

25 Q. And do you know as of the time that you left DMP

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1 International whether or not this contract was ever paid in
2 full?

3 A. To my understanding, it was not paid in full.

4 Q. You can take that down.

5 When you first began working for Mr. Manafort, did
6 you understand that he had Cypriote accounts?

7 A. Yes.

8 Q. And do you know who set those accounts up?

9 A. I believe it was Mr. Manafort with the Cypriote attorney.

10 Q. Okay. And who is the Cypriote -- Cypriote -- Cypriotic
11 attorney?

12 A. Kypros Chrysostomides.

13 Q. Okay. For efficiency --

14 A. Dr. K.

15 Q. -- did he have a nickname?

16 A. Dr. K.

17 Q. Okay. Did there come a time when you met, yourself,
18 Dr. K?

19 A. There was.

20 Q. When?

21 A. I met with Dr. K in 2007 with Mr. Manafort.

22 Q. And where was -- where did that meeting take place?

23 A. It occurred in Cyprus.

24 Q. And why were you meeting with Dr. K?

25 A. We were meeting with him for two purposes. Mr. Manafort

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1 had just met with our investor for the private equity fund and
2 the investor wanted to have Mr. Manafort meet with him to
3 engage in potential political project, and then also to have
4 him coordinate some of the activity on our private equity
5 fund.

6 Q. Did you also meet with Dr. K about opening bank accounts
7 and entities in Cyprus?

8 A. We did.

9 Q. Okay. Did Dr. K explain to you the process involved with
10 opening up the shelf companies?

11 A. He did.

12 Q. What did he say to you?

13 THE COURT: Isn't that hearsay? If there's no
14 objection, I'll permit it. But we ought to avoid just
15 importing hearsay, putting to one side whether it's relevant.

16 MR. DOWNING: Objection, Your Honor, hearsay.

17 THE COURT: You're a little late.

18 (Audience laughter.)

19 THE COURT: Mr. Andres, do you really need it?

20 MR. ANDRES: No, Your Honor. I can work around it.

21 THE COURT: Thank you.

22 BY MR. ANDRES:

23 Q. Based on your meetings with Dr. K, did you come to
24 understand the process for opening the entities in Cyprus?

25 A. Yes.

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1 Q. And did you understand that there were some level of
2 secrecy involved?

3 A. Yes.

4 Q. Okay. Can you explain what you understood -- and at
5 these meetings with Dr. K, was Mr. Manafort there?

6 A. He was.

7 Q. Can you explain what you understood the process for
8 setting up these shelf companies?

9 A. Yes. When you set up a shelf company in Cyprus, the
10 individual that was setting it up wasn't necessarily on any of
11 the paper work. You had two directors, which were usually
12 within the law firm that was setting up the entities, and then
13 above that you had what they call two board members. So, in
14 essence, you had four people controlling a Cypriote entity,
15 but the actual individual setting up the company name did not
16 appear on any of the incorporation material.

17 Q. With respect to the companies that were ultimately set
18 up, do you know who was listed as the directors, secretaries,
19 board members?

20 A. Yes. The directors and board members were members
21 generally of Mr. -- Dr. K's firm.

22 Q. So with respect to the Cypriote entities that were set up
23 for Mr. Manafort, did his name appear on any of those
24 documents?

25 A. No.

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1 Q. Did you come to understand, based on your meeting with
2 Dr. K and Mr. Manafort, what the process was for setting up
3 bank accounts in Cyprus?

4 A. Yes. Dr. K explained that to us as well.

5 Q. Can you describe that for the jury?

6 A. The law firm handled everything with respect to opening
7 the accounts. Initially in the earlier years they designated
8 a point of contact with the bank, but neither Mr. Manafort nor
9 myself had any interaction with the bank. Later on that point
10 of contact came to be known what was an ultimate beneficial
11 owner. And none of the information on the banking forms was
12 publicly disclosed in any way.

13 Q. Was that an issue that was discussed in detail?

14 A. Yes, by Dr. K.

15 Q. And was that important to Mr. Manafort to understand how
16 his name would be represented on those documents?

17 A. I believe he understood that his name would not be
18 represented, nor was mine.

19 Q. Okay. You testified about a variety of different names,
20 Peranova, Leviathan, Global Endeavor. How were those names
21 picked?

22 A. So, again, with the exception of a few of the entities,
23 all of those entities' names were selected by Dr. K's law firm
24 as shelf companies.

25 Q. And with respect to all of the Cypriote entities that

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1 Dr. K set up, did those companies -- did they exist for some
2 purpose or did they sell any product or provide any services?

3 A. No, but it was very common for them to set up.

4 Q. And what was --

5 A. To conduct various work.

6 Q. What was the sole purpose of those companies?

7 A. In terms of setting them up in general or with respect to
8 Mr. Manafort?

9 Q. Just in terms of what they -- in setting them up for
10 Mr. Manafort, what function did those companies play?

11 A. Oh, they serve to play the role of accepting the money
12 from the Ukrainian businessmen for the political contracts and
13 then for Mr. Manafort to, you know, determine what would be
14 done with that money.

15 Q. And in terms of the bank accounts, were they set up in
16 different denominations?

17 A. They were.

18 Q. What denominations?

19 A. Primarily U.S. dollars and euros.

20 Q. Okay. And do you know what banks in Cyprus those
21 entities were set up at?

22 A. As I recall, there aren't many banks in Cyprus, but it
23 was the Bank of Cyprus, Laiki Bank, and I think Marfin Popular
24 Bank.

25 Q. And the money that was -- that was deposited in those

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1 accounts for Mr. Manafort, was that income?

2 A. It was.

3 Q. And how did he earn it?

4 A. Through political campaign work in Ukraine.

5 Q. You testified earlier about on one of the contracts there
6 was a reference to Inter Jura. What was Inter Jura?

7 A. An Inter Jura was a subsidiary company of Dr. K's that
8 represented the directors of the Cypriote entities that were
9 assigned to the companies that anybody set up.

10 Q. You testified that Mr. Manafort's name was not on the
11 entity in corporation documents but that it was on some of the
12 Cypriote bank accounts. At some point did he ask that his
13 name be removed from those?

14 A. He did.

15 Q. Do you know why?

16 A. Yes. Mr. Manafort described to me that he was engaged in
17 a lawsuit with somebody from the Ukraine and there was concern
18 that the individual might be able to find some of the
19 information on Mr. Manafort and, specifically, who some of the
20 other Ukrainian businessmen that paid some of those contracts
21 might be.

22 Q. Did you -- was his name removed?

23 A. It was.

24 Q. And did you ask to have your name removed?

25 A. No, not in all cases.

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1 Q. At some point did you have your name removed?

2 A. Yes.

3 Q. Why did you want your name removed from the accounts?

4 A. Well, at that time the number of accounts in Ukraine had
5 diminished in 2012 because of the banking collapse. So it was
6 kind of a good time to make sure that most of the entities
7 were closed and our names were removed.

8 Q. Okay. And when there was a banking issue in Cyprus, were
9 the overseas accounts moved to another country?

10 A. They were.

11 Q. Where?

12 A. They were moved to the Grenadines.

13 Q. Is that the same country referred to as St. Vincent in
14 the Grenadines?

15 A. It is, yes.

16 Q. Do you know where that is?

17 A. Somewhere in the Caribbean.

18 Q. Okay. And who -- who facilitated the movement of the
19 Cypriote accounts to St. Vincent in the Grenadines?

20 A. Dr. K.

21 Q. How was he able to do that?

22 A. They have a relationship, apparently, between Cyprus and
23 the Grenadines, and so he was able to both open the entities,
24 which were actually designated in Cyprus, and then the actual
25 bank accounts as well.

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1 Q. And was the money moved to -- from the Cyprus accounts to
2 St. Vincent in the Grenadines?

3 A. Yes.

4 Q. Okay. And when the accounts were opened there, do you
5 know the names of those accounts?

6 A. Yes. It was a very limited number. There were only two
7 accounts, as I recall.

8 Q. What were the names?

9 A. Global Endeavor and Jeunet.

10 Q. Do you know what bank or banks they were opened at?

11 A. The name of the bank was Loyal Bank.

12 Q. And whose name was the -- the St. Vincent in Grenadines
13 accounts opened in?

14 A. At that time I believe we designated Mr. Kilimnik as the
15 point of contact for those.

16 Q. Okay. Is Mr. Kilimnik -- is he a U.S. citizen?

17 A. He is not.

18 Q. Were you able to move money from the Cypriote accounts
19 when they were in Cyprus?

20 A. Yes.

21 Q. And what was the process for moving money from the Cyprus
22 accounts to the United States or elsewhere?

23 A. So, generally, it was all done again by the law firm.

24 The typical practice was that Mr. Manafort would send me a
25 list of wire requests or he would send the wires directly to a

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1 point of contact that we had at Dr. K's firm. That contact
2 then coordinated with the bank to make the wire distributions.

3 Q. Okay. And do you know who the people were that you
4 contacted at Dr. K's law firm?

5 A. I know the primary person that we used, yes.

6 Q. Who was that?

7 A. Her name was Christina.

8 Q. And would you receive directions from Mr. Manafort about
9 how to move money between the different accounts?

10 A. Yes.

11 Q. Would you receive instruction from Mr. Manafort about
12 directing payments from Cyprus to vendors in the United
13 States?

14 A. Yes.

15 Q. How would that happen?

16 A. Mr. Manafort would prepare an e-mail. There was a
17 template that the law firm had given him to use. It was very
18 minimal information at that time. And Mr. Manafort would put
19 in the name of the vendors that he wanted paid, the amount,
20 and then he would send that either again directly to the bank
21 in some cases or he would send it to me to send over to the
22 bank.

23 Q. Can I ask you to take a look at Government Exhibit 370?

24 Have you had a chance to review that?

25 A. Yes.

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1 Q. Government Exhibit 370, is that an e-mail chain involving
2 you and Mr. Manafort?

3 A. It is.

4 Q. And does it involve the transfer of funds from Cypriote
5 accounts?

6 A. It does.

7 MR. ANDRES: The Government moves to admit
8 Government Exhibit 370, Your Honor.

9 MR. DOWNING: No objection.

10 THE COURT: Admitted.

11 (Government's Exhibit No. 370
12 admitted into evidence.)

13 MR. ANDRES: May I publish it?

14 THE COURT: Yes.

15 BY MR. ANDRES:

16 Q. Starting with the top e-mail, Mr. Gates, can you tell me
17 who the e-mail is to and from?

18 A. It's from Mr. Manafort to me.

19 Q. Okay. And what's the date?

20 A. The date is November 29, 2011.

21 Q. And what's the subject?

22 A. Subject is "Payments."

23 Q. Okay. Can you start at the bottom e-mail at 22:38:24 and
24 describe to the jury what's -- what you're communicating to

25 Mr. Manafort there?

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1 A. Yes.

2 (As read): I write, "Mr. Manafort, for your review
3 and approval. Let me know if you have any questions. And
4 then I will transfer the money from the Leviathan account to
5 DMP International unless you direct otherwise."

6 Q. It says, "Levi," L-e-v-i. What's that a reference to?

7 A. Levi is the abbreviation for Leviathan.

8 Q. Okay. And did Mr. Manafort explicitly approve that
9 payment?

10 A. He did.

11 Q. What did he say?

12 A. "Yes, this is approved."

13 Q. Okay. And then there's a reference in the e-mail to
14 transferring money to P for the loan earlier this month.

15 What's the P reference?

16 A. Yes. So the reference to that is at some point we moved
17 money from Peranova to Leviathan and we were returning the
18 money, because, again, even within Mr. Manafort's Cyprus
19 entities, you could move money from one entity to the other,
20 but at the end of the day, it was going to be part of the
21 audit. So it was just an exercise of moving the money back so
22 that we could account where it came from.

23 Q. Okay. Is this e-mail typical of communications between
24 you and Mr. Manafort with respect to the Cypriote accounts?

25 A. Yes. There were hundreds of these.

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1 Q. During the course of the time that you worked for
2 Mr. Manafort, do you know if he had any bill keepers?

3 A. He did.

4 Q. What bill keepers were you aware of?

5 A. Initially, I was aware that he had been using KWC to do
6 the bills, but that he wanted to make a change. He had hired
7 a gentlemen by the name of Hesham Ali, who at that time was
8 working with Heather Washkuhn; and then later on, Heather
9 Washkuhn directly took over the bill keeping.

10 Q. Okay. In terms of your interaction with Hesham Ali or
11 Heather Washkuhn, can you characterize what your relationship
12 was with the bill payers?

13 A. Yes. I would communicate frequently with them based on,
14 you know, various directions and instructions from
15 Mr. Manafort. There were a number of instances where they
16 would reach out to me that they had received a request from
17 Paul and wanted some assistance in -- in fulfilling that
18 request.

19 Q. Did you have the ability when you were dealing with the
20 bookkeepers to authorize payments?

21 A. I did.

22 Q. Okay. And did you?

23 A. I did.

24 Q. At whose direction?

25 A. Mr. Manafort's.

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1 Q. And did those payments relate to Mr. Manafort's business
2 accounts or for his personal accounts?

3 A. Business accounts.

4 Q. Okay. And once you authorized those payments, was there
5 a process in place where the banks had to confirm payment?

6 A. Yes. The banks, actually in this case, required a verbal
7 confirmation from any type of money that Mr. Manafort was
8 moving between his accounts. So the typical process is that
9 Heather would put the list of bills together.

10 I would add the DMP bills. And then once the total
11 amount of that wire was calculated, Mr. Manafort would do a
12 verbal approval with his bank.

13 Q. During this time period, did you have access to an
14 electronic signature for Mr. Manafort?

15 A. I did.

16 Q. What's an electronic signature?

17 A. An electronic signature is Mr. Manafort's signature that
18 can be used on PDF documents.

19 Q. And did you use it on PDF documents?

20 A. I did on occasions, yes.

21 Q. What types of documents would you use it on?

22 A. Primarily documents that Mr. Manafort had asked me to
23 sign on his behalf. If he was traveling or needed to get
24 something into a particular entity or organization, he would
25 often ask me to create the document, sign it on his behalf,

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1 and then send it to him.

2 Q. Can I ask you to look at Government Exhibit 427?

3 Can you tell me what that is?

4 A. Yes. It's an e-mail from -- originally from Mr. Manafort
5 to me.

6 MR. ANDRES: Okay. Your Honor, the Government moves
7 to admit Government Exhibit 427.

8 MR. DOWNING: No objection.

9 THE COURT: Admitted.

10 (Government's Exhibit No. 427
11 admitted into evidence.)

12 BY MR. ANDRES:

13 Q. With respect to the e-mail, can you -- looking at the top
14 e-mail, can you tell me who the e-mail is chain is between and
15 the date?

16 A. Yes. The top e-mail is from me to Mr. Manafort. The
17 date is February 17, 2016.

18 MR. ANDRES: May I publish it, Your Honor?

19 THE COURT: Yes.

20 BY MR. ANDRES:

21 Q. Focusing on the bottom e-mail where it says "R," can you
22 read that e-mail?

23 A. "I need you to sign my name to another doc and return to
24 me. I will be sending in 5 to 20 minutes. It's on a quick
25 turnaround."

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1 Q. And who is that from?

2 A. Mr. Manafort.

3 Q. And what did you understand Mr. Manafort to ask you to be
4 doing?

5 A. To take the document and attach his electronic signature
6 to it.

7 Q. Did -- as you sit here today, do you have any idea what
8 that document was?

9 A. I do not.

10 Q. Okay. And did you -- did you agree to sign it?

11 A. I did.

12 Q. And was it common for you to do that?

13 A. Yes.

14 Q. And would you always seek Mr. Manafort's approval?

15 A. Yes. Usually he reached out to me in order to sign the
16 document, but there were occasions where I reached out to him
17 on documents as well.

18 Q. You testified earlier that Ms. Washkuhn was involved in
19 paying bills for Mr. Manafort.

20 Did you play a role in paying Mr. Manafort's bills?

21 A. There were instances where I would pay some of the bills
22 from the DMP U.S. account. Ms. Washkuhn and I both had access
23 to that account.

24 Q. How about from the overseas accounts?

25 A. Yes.

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1 Q. Would you frequently make payments for Mr. Manafort from
2 the Cypriote accounts?

3 A. Probably more frequently from the Cypriote accounts, yes.

4 Q. Okay. And when you made those payments, did you alert
5 Ms. Washkuhn?

6 A. I did not.

7 Q. Why not?

8 A. Mr. Manafort had basically requested that we not need to
9 inform Ms. Washkuhn on those payments.

10 Q. And when you paid those bills, do you know the types of
11 bills they were; that is, who were you paying from the
12 Cypriote accounts?

13 A. I just knew them by name because, again, Mr. Manafort
14 would prepare wiring instructions. So it would all be in a
15 document or an e-mail that he provided. So I wouldn't
16 necessarily know what the payment was for, but over time I
17 learned who some of the vendors were.

18 Q. And do you know if Mr. Manafort also paid some of those
19 bills directly himself?

20 A. He did.

21 Q. How did you know that?

22 A. Because in some instances when he had asked me to check
23 on the balances of the account, money had been wired out and
24 they were reflected wire transfers that he had requested in
25 addition.

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1 Q. And what accounts did he use to make those payments?

2 A. Cyprus accounts. And obviously he made requests for the
3 U.S. accounts as well.

4 Q. Are you familiar with an individual in a business -- an
5 individual named "Steve Jacobson" and the business name
6 "SP&C"?

7 A. Yes.

8 Q. What is that?

9 A. That was one of the Mr. Manafort's contractors that I had
10 come to learn about in the process of doing some wires for
11 Mr. Manafort.

12 Q. Okay. And where did that money come from?

13 A. I believe it came from a combination of offshore and U.S.
14 accounts.

15 Q. And do you know what work Mr. Jacobson did for
16 Mr. Manafort?

17 A. I believe it was work related to his New York apartment
18 and Bridgehampton home.

19 Q. Have you ever been to Mr. Manafort's home in
20 Bridgehampton?

21 A. I have not.

22 Q. Are you familiar with a individual named "Joel Maxwell"?

23 A. Yes.

24 Q. Who is that?

25 A. Joel Maxwell provided audio and visual technical support

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1 for Mr. Manafort.

2 Q. Okay. And was he paid from the overseas accounts?

3 A. I believe he was, yes.

4 Q. Have you ever sought services or has Mr. Maxwell done any
5 services at any -- at your residence?

6 A. He has not.

7 Q. So you're familiar with an entity named "Alan Couture"?

8 A. Yes.

9 Q. What is Alan Couture?

10 A. It's a clothing store that Mr. Manafort had directed me
11 and Ms. Washkuhn to make payments over the year.

12 Q. When you made payments to Alan Couture, where did the
13 money come from?

14 A. It was a combination both from the offshore accounts and
15 the U.S. accounts.

16 Q. And do you know what Alan Couture -- what business
17 they're in?

18 A. I learned over time that they were in the clothing
19 business.

20 Q. Have you ever purchased any clothing from Alan Couture?

21 A. No.

22 Q. Are you familiar with an entity known as "New Leaf
23 Landscaping"?

24 A. Yes.

25 Q. Did you make payments to New Leaf Landscaping?

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1 A. Yes, I did at Mr. Manafort's request.

2 Q. For what services?

3 A. I believe that was landscaping services for his home in
4 Bridgehampton.

5 Q. Have you ever contracted or gotten any services from New
6 Leaf Landscaping?

7 A. No.

8 Q. When you made payments to New Leaf Landscaping, where
9 would the money come from?

10 A. I believe, again, it was a combination of the Cyprus
11 accounts and the U.S. accounts.

12 Q. And would you report those to Ms. Washkuhn?

13 A. The U.S. payments were reported to Ms. Washkuhn. The
14 ones from overseas were not.

15 Q. Are you familiar with an entity known as the House of
16 Bijan?

17 A. Yes.

18 Q. What is that?

19 A. I believe, again, that was another clothier.

20 Q. And who did -- was Mr. Manafort a customer of House of
21 Bijan?

22 A. Yes.

23 Q. Did you make payments to that entity?

24 A. I did.

25 Q. And where did that money come from?

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1 A. Again, I believe that was a combination of offshore and
2 U.S. accounts.

3 Q. Have you ever ordered any clothes from the House of
4 Bijan?

5 A. No.

6 Q. Okay. You testified that both you and Mr. Manafort were
7 wiring money directly from Cyprus to the vendors.

8 Do you know what benefit if any -- how that
9 benefitted Mr. Manafort?

10 A. Well, in not reporting the wires that were done, they
11 were not disclosed on Mr. Manafort's U.S. business records.
12 Therefore, it was, in essence, diminishing the amount of
13 income that should have been reported on the tax return.

14 Q. You testified that at some point the accounts moved from
15 Cyprus to St. Vincent's and the Grenadines; is that correct?

16 A. That's correct.

17 Q. The process for moving money from St. Vincent and the
18 Grenadines, was it different than the process you used in
19 Cyprus?

20 A. It was.

21 Q. How?

22 A. The process in the Grenadines was a little more document
23 complex, because it was a different bank. And, again, at that
24 time there were banking issues that had transpired over from
25 Europe into kind of the Caribbean area. So they requested

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1 much more documentation as evidence to initiate that wire
2 transfer.

3 Q. And the payments from the St. Vincent's and the
4 Grenadines that you made, were they on behalf of Mr. Manafort?

5 A. Yes.

6 Q. And did you also make payments to yourself from those
7 accounts?

8 A. I did.

9 Q. And those were the unauthorized payments?

10 A. Some were; some were not.

11 Q. You testified that there was additional documentation
12 required for moving money from the St. Vincent's and the
13 Grenadines?

14 A. Yes.

15 Q. Did you create some of those documents?

16 A. I did.

17 Q. Okay. Can you explain to the jury what you did in terms
18 of creating documents and why you did it?

19 A. So Mr. Manafort had sent -- you know, would typically
20 send me a list of wire transfers. But when we started making
21 the transfers from the Grenadines, because they required
22 additional documentation, I had asked Mr. Manafort for a
23 copies of the invoices.

24 In most occasions he didn't have the original
25 invoices, so we used a template that basically was for the

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1 legitimate payment of that invoice. But instead of being
2 addressed to Mr. Manafort, it needed to be addressed to the
3 company that the payment was actually coming from. So I
4 edited the template and put the name of the company as opposed
5 to Mr. Manafort's name.

6 Q. And because those payments were coming from St. Vincent's
7 and the Grenadines, what were the companies there that were
8 opened?

9 A. The two companies, they were basically registered in
10 Cyprus but they were offshore.

11 Q. And what were their names?

12 A. Global Endeavour and Jeunet.

13 Q. Okay. Can I ask you to take a look at Government
14 Exhibit 67A.

15 MR. ANDRES: These are already in evidence, Your
16 Honor.

17 THE COURT: All right.

18 MR. ANDRES: May I publish them?

19 THE COURT: Yes.

20 BY MR. ANDRES:

21 Q. Can I ask you to turn to page 2. Do you recognize this
22 document, Mr. Gates?

23 A. Yes.

24 Q. Okay. What is it?

25 A. This is an invoice for amount -- a wire amount that

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1 Mr. Manafort had sent to me. And this is the invoice that
2 went to the actual Grenadines entity where the payment came
3 from.

4 Q. Who created this invoice?

5 A. I did.

6 Q. And based on what information?

7 A. Information that Mr. Manafort had given to me about the
8 wire transfer.

9 Q. Is it fair to say that this is a fake invoice?

10 A. It's a -- yes, it's a modified invoice.

11 Q. Okay. It's fake in terms of the document itself?

12 A. Correct.

13 Q. And how about the payment that's being made, what -- what
14 is -- how would you characterize the payment?

15 A. The payment was legitimate. I mean, again, the effort
16 here was to -- instead of having it billed to -- with the name
17 of Mr. Manafort, because the payment was coming from this
18 company at Mr. Manafort's request, it had to have the name of
19 the company itself.

20 Q. And so where it says "billed to," who's listed?

21 A. Global Endeavour.

22 Q. And having reviewed this now, you realize that there are
23 typographical errors or other errors on these documents?

24 A. Yes.

25 Q. Okay. And where it says "Alan Couture," who -- who added

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1 that information?

2 A. I took it off of the information that Mr. Manafort had
3 sent me in the wire request.

4 Q. Okay. Can I ask you to take a look -- and with respect
5 to that -- I'm sorry -- with respect to that second document,
6 what's the total amount of the payment that was made as a
7 result of the invoice that you sent?

8 A. In this one the amount is 42,000.

9 Q. And that's a payment to who?

10 A. Alan Couture.

11 Q. And was there a wire initiated as a result of you
12 submitting this document?

13 A. Yes.

14 Q. Okay. Can I ask you to turn to, in the same exhibit,
15 Government exhibit, ending in the Bates No. 552?

16 Can you explain what this document is?

17 A. Yes. Again, this is an invoice that Mr. Manafort had
18 requested a payment for. I put in the name of the company
19 Global Endeavour to initiate the wire transfer.

20 Q. And what's Big Picture Solutions?

21 A. I believe that was Mr. Maxwell's company, the audio and
22 visual technician.

23 Q. Okay. And you created this document?

24 A. I did.

25 Q. There's a stamp on the top right-hand side of the

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1 invoice. What's that?

2 A. That's from the bank.

3 Q. Okay. Now, when you were creating these invoices, would
4 it be one for -- one from an invoice from one of these vendors
5 or did you aggregate them from time to time?

6 A. I don't recall. I believe it was one to one.

7 Q. Okay. And who were you relying on for that information?

8 A. Well, these are based on wire transactions that
9 Mr. Manafort had requested, so I was using the information he
10 provided.

11 Q. And at the time, he didn't have the invoices?

12 A. No.

13 Q. So he provided you a total amount to make a payment?

14 A. Well, yeah. He would send it in the description of how
15 much needed to be paid and who it needed to be paid to.

16 I do believe on some occasions there were invoices
17 that he did provide, but, again, it didn't matter because the
18 invoice to him was in his name and the invoice for the payment
19 needed to be in the company's name.

20 Q. Okay. If you look down a little further in the Big
21 Picture Solutions invoice that you -- that you created, where
22 it says "Description of services," where did that information
23 come from?

24 A. That was usually just generic language that was already
25 either filled in the template or maybe I modified it on some

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1 occasions.

2 Q. Okay. And, again, the payments for Mr. -- to Big Picture
3 Solutions were on behalf of who?

4 A. Mr. Manafort.

5 Q. And they were for services that were rendered?

6 A. Yes, to my understanding.

7 Q. Okay. And did these invoices themselves -- did they ever
8 go to the vendors?

9 A. No.

10 Q. Who did they go to?

11 A. They went to the bank.

12 Q. Can you look at Government Exhibit -- at the page 636 in
13 the same exhibit? What is that?

14 A. Again, this is another invoice for work done by New Leaf
15 Landscape.

16 Q. Okay. And this is also an invoice that you created?

17 A. It is.

18 Q. Same process?

19 A. Yes.

20 Q. Okay. And why did you create this invoice?

21 A. Again, because Mr. Manafort wanted a wire transfer
22 initiated for this company.

23 Q. And then, lastly, if you could turn to the last page in
24 the exhibit that ends in 452.

25 Can you tell me what that is?

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1 A. Again, finally, this is another invoice. This time to
2 SP&C.

3 Q. Same process?

4 A. Same process.

5 Q. You created this invoice?

6 A. Yes.

7 Q. And it was to initiate a payment?

8 A. It was.

9 Q. Mr. Gates, let me direct your attention to July of 2014.

10 Were you interviewed by the FBI at that time?

11 A. Yes.

12 Q. Okay. Were you represented by counsel?

13 A. I was.

14 Q. At the time of the interview, did you understand why you
15 were being interviewed?

16 A. Yes.

17 Q. Why?

18 A. We were asked to -- in the words of my attorney, to
19 voluntary help in regards to a forfeiture investigation the
20 Ukrainian Government was working on in conjunction with the
21 FBI.

22 Q. Okay. And at the time when you said "we," was somebody
23 else also interviewed?

24 A. Yes.

25 Q. Who?

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1 A. Mr. Manafort.

2 Q. At the time did you understand whether you, yourself, was
3 under -- were under investigation?

4 A. It was my understanding I was not.

5 Q. And did you understand whether Mr. Manafort was under
6 investigation?

7 A. It was my understanding he was not.

8 Q. And how did you learn that Mr. Manafort was also being
9 interviewed?

10 A. He told me.

11 Q. Who was interviewed first?

12 A. I was interviewed first.

13 Q. During the interview were you asked questions about your
14 work in the Ukraine?

15 A. Yes.

16 Q. And were you asked questions about certain overseas
17 accounts?

18 A. Yes.

19 Q. At the time of that interview, what was the status of the
20 Cypriote accounts?

21 A. The majority of the Cypriote accounts had been closed at
22 the time of the interview.

23 Q. And in terms of the order of the interviews, who was
24 interviewed first, you or Mr. Manafort?

25 A. I was interviewed first.

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1 Q. At some point, prior to Mr. Manafort's interview, did he
2 direct you to take certain action?

3 A. He did.

4 Q. What did he ask you to do?

5 A. He asked me to travel to meet with one of the Ukrainian
6 businessmen to, one, notify him that we were going to be
7 interviewing with the FBI, and then to also determine the
8 status of the Ukrainian businessman's company because a lot of
9 the money came from the one particular company and we didn't
10 really have a lot of background on that company and wanted to
11 learn more.

12 Q. Okay. And who is the Ukrainian businessmen that you went
13 to see?

14 A. Mr. Lovochkin.

15 Q. And where did you go see him?

16 A. In France.

17 Q. And did he agree -- did he answer your questions?

18 A. He did.

19 Q. Okay. Did -- at some point around this time, did you --
20 were you also aware of any negotiations with Mr. Lovochkin
21 about the payments that he was making to Mr. Manafort?

22 A. Well, Mr. Manafort, in another exercise, was trying to
23 move all of his banking directly to one particular
24 institution. So he was trying to have the payments -- the
25 contract payments for the Ukraine political work also sent to

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1 that bank as well.

2 Q. And did Mr. Lovochkin agree to this arrangement?

3 A. He did.

4 Q. At that point, there was no longer a requirement to have
5 Cypriote or overseas accounts?

6 A. At that time, no.

7 Q. Excuse me?

8 A. Yeah, at that time, no.

9 Q. Mr. Gates, at some point during the course of the time
10 that you worked for Mr. Manafort, did you assist him in the
11 preparation of his tax returns?

12 A. Yes.

13 Q. Over what time period?

14 A. I think my involvement specifically increased from 2010
15 forward.

16 Q. And during that time period, did you work with
17 Mr. Manafort's tax preparers?

18 A. I did.

19 Q. Who did you understand them to be?

20 A. At the time, it was Mr. Ayliff at KWC, who he later
21 brought on Ms. Cindy Laporta, and then there was some support
22 staff that worked with us as well.

23 Q. How about Najj Lakkis?

24 A. Yes.

25 Q. Who is he?

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1 A. Mr. Lakkis was primarily Mr. Ayliff's assistant that
2 worked on the tax efforts in the early years.

3 Q. And during the time starting in 2009 that you helped with
4 the taxes, was there a process in place together with KWC with
5 respect to the preparation of Mr. Manafort's taxes?

6 A. Yes.

7 Q. Can you explain what that was?

8 A. In the -- in the early years, the process started that
9 Mr. Manafort had asked me to sit in some of the meetings with
10 his accountants because the business entities were something
11 that I was involved in and followed. Over time, I was tasked
12 with gathering a lot of the questions and answers that the
13 bookkeepers and the tax accountants had in regards to
14 Mr. Manafort's taxes.

15 So the process would be that they -- the bookkeeper
16 would send the balance sheet and ledger to the accountants.
17 The accountants would review that and then they would prepare
18 a series of questions. Those questions were, in the initial
19 stages, e-mailed to both of us. Later on, they were e-mailed
20 just to me. I would answer the questions that I could answer
21 and then I would typically either speak or meet with
22 Mr. Manafort and ask him for the remaining answers. The
23 answers were compiled and then returned to the accountants.

24 THE COURT: All right. Is this a good time to take
25 our morning break, Mr. Andres?

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1 MR. ANDRES: Yes, Your Honor.

2 THE COURT: All right. Mr. Gates, you may step
3 down, sir. During the recess, which will be until about
4 11:20, you may not discuss your testimony with anyone.

5 THE WITNESS: Okay.

6 THE COURT: Ladies and gentlemen, pass your books to
7 the right. Mr. Flood will collect them, maintain their
8 security as usual.

9 During the recess, remember to refrain from
10 discussing the matter with anyone or undertaking any
11 investigation on your own and we will reconvene at 11:20. You
12 may follow Mr. Flood out.

13 (Jury dismissed.)

14 THE COURT: All right. You may be seated.

15 Mr. Andres, what's your estimate now of what remains
16 in Mr. Gates' direct testimony?

17 MR. ANDRES: I'd say two hours, Judge.

18 THE COURT: All right. See if you can compress it.
19 I mean, this morning when I asked you, you said three hours.

20 MR. ANDRES: I --

21 THE COURT: Now you've been at it for almost two
22 hours.

23 MR. ANDRES: I understand my math doesn't add up
24 entirely, Judge, but I will do everything I can to expedite
25 it.

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1 THE COURT: Thank you. Court stands in recess.

2 (Recess.)

3 THE COURT: All right. We're prepared to proceed.

4 Bring the jury in.

5 (Jury in.)

6 THE COURT: All right. You may be seated.

7 All right. And let's have Mr. Gates return, please.

8 Mr. Gates, you'll recall that you're still under

9 oath, sir, and you may resume the stand.

10 THE WITNESS: Thank you.

11 THE COURT: All right. Mr. Andres, you may proceed.

12 MR. ANDRES: Thank you, Your Honor.

13 BY MR. ANDRES:

14 Q. Mr. Gates, you were testifying about your role with
15 respect to Mr. Manafort's tax returns.

16 What role specifically did you play in interacting
17 with the tax preparers?

18 A. Again, I worked with the tax preparers on answering
19 questions that they submitted based on a balance sheet and
20 ledger that they put together based on what the -- the work
21 that Ms. Washkuhn did.

22 Q. Were there times that you interacted directly with the
23 tax preparers?

24 A. Yes.

25 Q. Cindy Laporta?

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1 A. Yes.

2 Q. Philip Ayliff?

3 A. Yes.

4 Q. How about Mr. Manafort? What did you know about his
5 interactions with his tax preparers?

6 A. I knew he interacted with them. He also reached out to
7 me in regards to requests that he wanted me to seek from the
8 accountants.

9 Q. And with respect to your involvement, did you attend
10 meetings with Mr. Manafort and his tax preparers?

11 A. I did.

12 Q. Do you know what his relationship with Mr. Ayliff was?

13 A. It was very longstanding. It was preexisting before I
14 got there, but they seemed to have a longstanding
15 relationship.

16 Q. Did you have an understanding, based on your discussions
17 with Mr. Manafort, that he understood the details of his tax
18 returns?

19 A. Yes, it was my belief he did.

20 Q. Did you make efforts to reduce the amount of income that
21 was reported on the tax returns?

22 A. We did.

23 Q. Okay. What specifically did you do?

24 A. I would say specifically the idea of exchanging income
25 for loans and putting those on the books enabled Mr. Manafort

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1 to reduce his overall tax liability.

2 Q. Okay. And did that relate to the Peranova loan?

3 A. It did.

4 Q. How about the Telmar loan?

5 A. It did.

6 Q. Okay. And with respect to the income that was sent from
7 Cyprus to vendors or other locations, was that ever disclosed
8 to the tax preparers?

9 A. It was not.

10 Q. Did you have a discussion with Mr. Manafort about whether
11 those accounts should be disclosed?

12 A. Yes. Over the years, we had various discussions on them.
13 It was never an overt, you know, don't disclose the accounts,
14 but there were issues with the accounts, specifically such as
15 having signature authority, which because the Cyprus law firm
16 had the signature authority on the accounts, Mr. Manafort
17 would tend to use that as the reason for not informing the
18 accountants or the bookkeepers of those accounts.

19 Q. And at any point during the time that those accounts in
20 Cyprus and St. Vincent and the Grenadines were opened, at any
21 time during that period, did Mr. Manafort not have control of
22 those accounts?

23 A. No, he always had control.

24 Q. And whose money was in those accounts?

25 A. Mr. Manafort's.

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1 Q. You testified yesterday that from time to time, either
2 you or Mr. Manafort would circulate an agenda for meetings
3 that you would attend?

4 A. Yes.

5 Q. Or phone calls?

6 A. Yes.

7 Q. Can you explain what those agendas were and what the
8 purpose was?

9 A. Sure. The agendas were a way for Mr. Manafort to catch
10 up or for me to provide updates on a variety of issues related
11 to work in Ukraine, work in the U.S. It could be related to
12 the tax preparation, gathering material for various
13 investments that Mr. Manafort had. It was a wide range of
14 issues.

15 Q. Can I ask you to look at Government Exhibit 372?

16 A. Okay.

17 Q. Can you tell me what that is?

18 A. In this instance, it's an agenda that was prepared by
19 Mr. Manafort and outlines a number of the issues that we were
20 talking about at that particular time.

21 MR. ANDRES: The Government moves to admit
22 Government Exhibit 372 -- oh, I'm sorry, Your Honor, it's in
23 evidence. May I publish it?

24 THE COURT: Yes.

25 MR. ANDRES: Excuse me, Your Honor.

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1 BY MR. ANDRES:

2 Q. Mr. Gates, can you zoom in on the top half, please?

3 Just read the heading of the document.

4 A. Gates agenda, March 21, 2013.

5 Q. Did you draft this or Mr. Manafort?

6 A. Mr. Manafort did.

7 Q. Okay. And there is black writing and -- or typing and
8 red typing. Do you know what the distinction is?

9 A. Yes. So typically, Mr. Manafort would take notes during
10 our calls and outline, in this case, once we had a discussion
11 about an issue, identifying an action item related to that
12 issue and who would carry it out and what the action item was.

13 Q. And does this agenda reflect a meeting on or -- a meeting
14 or a communication with Mr. Manafort on or around March 21,
15 2013?

16 A. Yes.

17 Q. Okay. If you look at the first category under Ayliff,
18 what's -- who's Ayliff?

19 A. Mr. Ayliff is in reference to Philip Ayliff at KWC.

20 Q. And there's a reference to kl's Global and L DONE. What
21 is that?

22 A. That's in reference to businesses that Mr. Manafort had.

23 Q. And then if you look at Number 2, it says, "do payment."
24 Any idea what that is?

25 A. I don't recall what that might be.

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1 Q. What about 3, "tax plan for April 15 done"?

2 A. Yes, that's in reference to the tax preparation for that
3 tax year.

4 Q. And Number 4, "Taxes - Assets Allocations"?

5 A. Yes. I don't know if this is -- well, I don't know what
6 that specific reference is for, but related to the tax
7 preparation.

8 Q. During the March 21, 2013 meeting, were you discussing
9 Mr. Manafort's taxes with him?

10 A. Yes.

11 Q. Was that routine for you to do?

12 A. It was.

13 Q. If you look at the second section under KC, who's -- who
14 is KC?

15 A. KC is Kypros Chrysostomides.

16 Q. Is that the individual we've referred to as "Dr. K"?

17 A. Dr. K, it is.

18 Q. And if you look at Number 2, it says, "update on
19 movements." What's that a reference to?

20 A. Sure. At this time, there are still liquidity issues in
21 Cyprus, so moving money in and out is difficult. So
22 Mr. Manafort wanted an update on what we were doing in order
23 to facilitate faster transfers.

24 Q. At the meeting on March 21, 2013, were you and
25 Mr. Manafort discussing this overseas bank accounts?

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1 A. Yes.

2 Q. Okay. If you look at the bottom, there's a reference to
3 Yanks. What's that in reference to?

4 A. That would be in regards to the Yankees season tickets
5 Mr. Manafort possessed.

6 Q. Was Mr. Manafort a season ticket holder?

7 A. He is.

8 Q. With respect to the New York Yankees?

9 A. Yes.

10 Q. Okay. Have you ever been a season ticket holder for the
11 New York Yankees?

12 A. No.

13 Q. Have you attended Yankee games using Mr. Manafort's
14 tickets?

15 A. I have.

16 Q. If you look on the next page, there's a reference to
17 Ukraine. And can you tell me, for example, there's a
18 reference to the Gusenbauer trip. What's that?

19 A. Yes, that's in reference to Alfred Gusenbauer who was a
20 member of the project Hapsburg. Mr. Gusenbauer used to be the
21 former chancellor of Austria.

22 Q. I'm not going to go through anymore of this. But having
23 reviewed this document, is it fair to say that in March 21,
24 2013, you're discussing issues relating to Ukraine with
25 Mr. Manafort?

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1 A. Yes.

2 Q. Okay. Could I ask you to take a look at Government
3 Exhibit 373?

4 Can you tell me what that is, 373?

5 A. Yes, it's an e-mail between Mr. Manafort and myself.

6 Q. Okay. And is this -- is -- are there attachments?

7 A. Yes. In this case, Mr. Manafort is attaching a copy of a
8 draft agenda, asking me to review it, and add items, which was
9 a typical process we used.

10 Q. And that's reflected in the cover e-mail?

11 A. Yes.

12 MR. ANDRES: Your Honor, the Government moves to
13 admit 373.

14 MR. DOWNING: No objection.

15 THE COURT: Admitted.

16 (Government's Exhibit No. 373
17 admitted into evidence.)

18 Q. At the bottom e-mail at 4:26 on December 13th, what does
19 Mr. Manafort say?

20 A. (As read): "I would like to review the range of
21 outstanding items. I have attached my agenda notes for the
22 call. I am moving around all day, so best time to reach me is
23 8:00 a.m."

24 Q. And is there an e-mail -- is there an agenda attached?

25 A. There is.

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1 MR. ANDRES: May I publish, Your Honor?

2 THE COURT: Yes.

3 BY MR. ANDRES:

4 Q. If you look at the agenda for December 11th, there's a
5 reference to a No. 3, "Wires to send."

6 What is that a reference to?

7 A. These are typically where Mr. Manafort would either say
8 he had some wires he would send me or he's already sent me and
9 he's looking for updates on the status.

10 Q. Okay. No. 8 refers to 2014 taxes.

11 A. Yes. That would be in reference to either looking at
12 something in preparation for the 2014 tax filing.

13 Q. And No. 13 says, "Kyiv office - budget."

14 What is that a reference to?

15 A. That is the office budget that we had in Kyiv still at
16 this time, indicating how many employees, our rent at the
17 local office, and other items.

18 Q. Were these agendas typical?

19 A. Yes.

20 Q. How often would you receive or send an agenda to
21 Mr. Manafort?

22 A. Oh, I mean, it could be, you know, as many as a couple a
23 week. Sometimes they weren't as formal. They were just
24 e-mails about catching up on certain items, but we typically
25 try to group items together, especially depending on travel

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1 schedules.

2 Q. I would ask you to take a look at Government Exhibit 219.

3 Can you tell me what that is?

4 A. This is an e-mail from Conor O'Brien to myself, copying
5 Ms. Laporta and Mr. Ayliff.

6 Q. Who is Conor O'Brien?

7 A. Conor O'Brien works at KWC as well and works for
8 Ms. Laporta.

9 Q. And does this e-mail relate to issues that you're
10 discussing with Mr. Manafort's tax preparers?

11 A. It does.

12 Q. Is Mr. Manafort included on this e-mail?

13 A. He is not.

14 Q. Okay. The Government moves to admit 219.

15 MR. DOWNING: Without objection.

16 THE COURT: Admitted.

17 (Government's Exhibit No. 219
18 admitted into evidence.)

19 BY MR. ANDRES:

20 Q. Mr. Gates --

21 MR. ANDRES: May I publish, Your Honor?

22 THE COURT: Yes.

23 BY MR. ANDRES:

24 Q. Can you identify the -- who's on the e-mail and summarize
25 the e-mail for the jury?

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1 A. Yes. The e-mail is from Conor O'Brien to myself and
2 Ms. Laporta -- I'm sorry -- copying Ms. Laporta and
3 Mr. Ayliff. And this is in regards to a 2014 tax issue in
4 which Mr. Manafort believed his taxes were very high and we
5 needed to determine how we could lower the taxes, if at all
6 possible.

7 I was tasked by Mr. Manafort to go to Ms. Laporta
8 and ask her if there are ways in which we could do that, the
9 typical ways that we had been advised by KWC was, as always,
10 to convert income into loans and then also look at, you know,
11 other potential deductible expenses.

12 Q. When you -- in the instances when you converted income to
13 loans, for example, in Peranova, what was that money?

14 A. It was originally income.

15 Q. Okay. And can I ask you to take a look at Government
16 Exhibit 375?

17 Can you tell me what that is?

18 A. Yes. This is an e-mail exchange between me and
19 Mr. Manafort regarding his taxes.

20 MR. ANDRES: The Government moves to admit
21 Government Exhibit 375.

22 MR. DOWNING: No objection.

23 THE COURT: Admitted.

24 (Government's Exhibit No. 375
25 admitted into evidence.)

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1 BY MR. ANDRES:

2 Q. With respect to the bottom e-mail on April 15, 2005,
3 can -- can you summarize that e-mail for the jury?

4 A. Yes. So as is standard in our process of meeting with
5 the accountants, they had provided an outline of
6 Mr. Manafort's potential tax impact. I met with them,
7 gathered the information that they had prepared, and then put
8 it in a report to Mr. Manafort.

9 Q. Okay. And this is -- you're communicating those issues
10 to Mr. Manafort?

11 A. Yes.

12 Q. Again, you're discussing the tax returns with him?

13 A. I am.

14 Q. When he writes back at 4:20, what is his reaction?

15 A. He's not happy.

16 "I just saw this. WTF."

17 MR. ANDRES: May I publish this, Your Honor? I'm
18 sorry, excuse me.

19 THE COURT: Let him finish his answer first.

20 Had you finished?

21 THE WITNESS: I can continue reading, if you want.

22 BY MR. ANDRES:

23 Q. I just asked you to summarize it. Could you finish
24 summarizing it?

25 A. Yes.

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1 THE COURT: All right. You may publish if he's
2 finished. Did you say you've finished?

3 THE WITNESS: I did, Your Honor, yes.

4 THE COURT: All right. You may publish.

5 MR. ANDRES: Judge, to the extent I hadn't, I move
6 to admit 375.

7 THE COURT: I thought it was already admitted.

8 MR. ANDRES: Okay. Thank you, Judge.

9 THE COURT: No objection, is there, Mr. Downing?

10 MR. DOWNING: No objection.

11 THE COURT: Admitted.

12 (Government's Exhibit No. 375
13 admitted into evidence.)

14 BY MR. ANDRES:

15 Q. With respect to Mr. Manafort's reaction at 4:20, you
16 testified that he was upset. Why was he upset?

17 A. He was upset because a number of the items that had
18 originally been projected for his potential tax impact for
19 that year were off by the accountants. And this is the first
20 time that, one, I was learning about it and then when I
21 communicated the information, obviously first time he was
22 learning about it as well.

23 Q. And is it typical -- was this the typical process in
24 which you would discuss Mr. Manafort's taxes with him?

25 A. Yes, in the latter years.

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1 Q. May I ask you to turn to Government's Exhibit 376?

2 Can you tell me what that is?

3 A. Yes. This is an e-mail exchange between myself and
4 Ms. Washkuhn.

5 Q. And does it relate to the -- to -- to an incoming wire
6 from Telmar?

7 A. It does.

8 Q. Who is Telmar associated with?

9 A. Telmar is associated with Mr. Lovochkin.

10 MR. ANDRES: The Government moves to admit
11 Government Exhibit 376.

12 MR. DOWNING: No objection.

13 THE COURT: Admitted.

14 (Government's Exhibit No. 376
15 admitted into evidence.)

16 BY MR. ANDRES:

17 Q. With respect to this document, can you explain what's
18 happening in your discussion with Ms. Washkuhn?

19 A. Yes. As is typical the case when Mr. Manafort is
20 notified that a wire payment is being made from the Ukrainian
21 businessmen, and at this point the wires are being sent
22 directly to the U.S., we would typically track the payment.

23 So once the payment hits, Ms. Washkuhn had the role
24 of either recording it as income or loan based on, you know,
25 direction of Mr. Manafort.

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1 Q. Okay. And how is that -- how do you direct Ms. Washkuhn
2 to classify the Telmar payment?

3 A. In this case, we disclosed it as a loan.

4 Q. Okay. And was it a loan?

5 A. It was not.

6 Q. During the time that you worked for Mr. Manafort and he
7 worked in the Ukraine, did Mr. Manafort ever receive a loan
8 from Serhiy Lovochkin?

9 A. Not to my knowledge.

10 Q. And the payments for Mr. Lovochkin to Mr. Manafort, what
11 were they?

12 A. It was income for political work.

13 Q. With respect -- when you identified the Telmar payment as
14 a loan for Ms. Washkuhn, was there an interest rate on that
15 loan?

16 A. No.

17 Q. Was there documentation?

18 A. There wasn't at this point, but it was asked for later,
19 yes.

20 Q. It was asked for because it didn't exist?

21 A. Correct.

22 Q. And did you create it?

23 A. Ultimately, for this one, yes, we did.

24 Q. You created a loan agreement for a loan that didn't
25 exist?

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1 A. Correct.

2 Q. Why?

3 A. At Mr. Manafort's direction.

4 Q. Can you turn to Government Exhibit 160?

5 Can you tell me what that is?

6 A. Yes. This is an e-mail exchange between me and

7 Ms. Laporta.

8 Q. Is there something attached?

9 A. There is.

10 MR. ANDRES: The Government moves to admit
11 Government Exhibit 160 -- oh, it's in evidence, Your Honor.

12 Thank you. May I publish it?

13 THE COURT: You may.

14 BY MR. ANDRES:

15 Q. Mr. Gates, can you explain who this e-mail is from, who
16 it's to, and what it relates to?

17 A. Yes. It's to me -- excuse me -- to Ms. Laporta from me.
18 And it's in reference to me sending her a copy of the loan
19 agreement between Telmar and DMP, which she requested.

20 Q. And what discussions are happening with the tax preparers
21 at this time?

22 A. At this stage when the tax preparers saw that the loan
23 was on the books, they were more insistent on having loan
24 documentation to support that particular transaction.

25 Q. Okay. And you drafted this document on behalf of

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1 Mr. Manafort?

2 A. Yeah. The document was provided by our Cypriote
3 attorneys and then I put in the relevant parties.

4 Q. And in terms of the dates on the e-mail and the date of
5 the loan agreement, when you compare those, what do you find?

6 A. So the loan agreement was executed on the 6th day
7 of March in 2014.

8 Q. And was that, in fact, the day it was executed?

9 A. The loan agreement?

10 Q. Yeah.

11 A. No, it was done at a later date.

12 Q. Backdated it?

13 A. Correct.

14 Q. Because there was no loan?

15 A. That is correct.

16 Q. Can I ask you to turn to Government Exhibit 220?

17 Can you tell me what -- what's included in
18 Government Exhibit 220?

19 A. Yes. This is an e-mail regarding Mr. Manafort's taxes
20 for 2013. Mr. O'Brien is seeking the engagement letter and
21 they are also seeking payment and then have a number of
22 questions regarding Mr. Manafort's tax return.

23 MR. ANDRES: The Government moves to admit
24 Government Exhibit 220.

25 MR. DOWNING: No objection.

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1 THE COURT: Admitted.

2 (Government's Exhibit No. 220

3 admitted into evidence.)

4 BY MR. ANDRES:

5 Q. Can you tell us the date of this e-mail?

6 A. October 7, 2015.

7 Q. Okay. And you said it was from Conor O'Brien. Who is
8 that?

9 A. I'm sorry, it's to Conor O'Brien from me. Conor O'Brien
10 was Ms. Laporta's assistant at KWC.

11 Q. Okay. And was it -- did you from time to time pass on
12 the engagement letters to Mr. Manafort?

13 A. I did.

14 Q. Who signed those letters?

15 A. In some cases, Mr. Manafort did, depending on where he
16 was. In other cases, he had requested me to sign them and
17 submit them to KWC.

18 Q. Okay. And the engagement letters provide information
19 about certain foreign-related reporting requirements?

20 A. I believe, yes, they do.

21 Q. Okay. At this time, had you previously had discussions
22 and interactions with the accountants about those
23 requirements?

24 A. Yes, we had.

25 Q. Can I ask you to turn to Government Exhibit 206?

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1 It's already in evidence, Your Honor.

2 THE COURT: All right.

3 BY MR. ANDRES:

4 Q. Can you look at Government Exhibit 206 and tell me what
5 that is?

6 A. Yes. This is an e-mail from Mr. Lakkis to me copying
7 Mr. Ayliff, and it's in regards to Mr. Manafort's 2013 tax
8 return and asking for specific items, along with direction on
9 whether or not there's been a status change to any foreign
10 accounts Mr. Manafort might have.

11 Q. And in the top e-mail, you write to Najj Lakkis. Who is
12 that?

13 A. Najj Lakkis worked for Mr. Ayliff at KWC.

14 MR. ANDRES: May I publish this, Your Honor?

15 THE COURT: You may.

16 BY MR. ANDRES:

17 Q. With respect to the top, can you focus on the top?

18 You indicate, to your knowledge, nothing has
19 changed. What do you mean by that?

20 A. Yes. After having a discussion with Mr. Manafort, I
21 relayed to Mr. Lakkis that nothing has changed with respect to
22 reporting of foreign bank accounts.

23 Q. On June 24, 2013, did Mr. Manafort have foreign bank
24 accounts?

25 A. He did.

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1 Q. Was this representation accurate -- not as to whether
2 something changed, but accurate as to whether or not there
3 were foreign bank accounts?

4 A. It is not accurate.

5 Q. Okay. And you previously testified that over time you
6 learned from the accountants about various FBAR requirements;
7 is that correct?

8 A. Yes.

9 Q. Can you look at the bottom e-mail on June 17, 2013?

10 Do you see that?

11 A. I do.

12 Q. You're having a discussion -- or an e-mail -- excuse
13 me -- with Mr. Lakkis. Do you see that?

14 A. Yes.

15 Q. And who else is included on that e-mail?

16 A. Mr. Ayliff and Mr. O'Brien.

17 Q. And what's the title of the e-mail?

18 A. "Foreign account report due 6/30/13."

19 Q. And in sum and substance, what is Mr. Lakkis asking you
20 about in that bottom e-mail?

21 A. He's summarizing the regulation with respect to reporting
22 foreign bank accounts and then attaches the IRS reg with it.

23 Q. And then with respect to A, can you read A? What does it
24 say?

25 A. "They had a financial interest (see below for

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1 explanation) in or signature authority (see below for
2 explanation) over accounts outside of the United States."

3 Q. And B?

4 A. "The aggregate value of all foreign financial accounts
5 exceeds 10,000 at any time during 2012."

6 Q. And as of June 2013, did Mr. Manafort have a financial
7 interest signature authority over accounts outside of the
8 United States?

9 A. He did.

10 Q. The aggregate value of those accounts, did it exceed
11 10,000?

12 A. It did.

13 Q. It far exceeded \$10,000; isn't that true?

14 A. Yes.

15 Q. What was the amount of money in those accounts?

16 A. I can't recall, but I venture to guess it's several
17 million dollars.

18 Q. With respect to --

19 THE COURT: Guesses are not admissible.

20 THE WITNESS: Understood.

21 THE COURT: So that's stricken, but you may ask
22 other questions if you think you can establish a value. But
23 guesses not admissible.

24 MR. ANDRES: Understood, Your Honor.

25 BY MR. ANDRES:

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1 Q. With respect to 2012, did DMP International,
2 Mr. Manafort, have a contract with the Ukraine?

3 A. In 2012 it did.

4 Q. Did that include a policy contract?

5 A. Well, the policy contract had started earlier, but it was
6 continuing, yes.

7 Q. Were there payments from the policy contract in 2012?

8 A. Yes.

9 Q. What was the total amount that was paid on the policy
10 contract in 2012?

11 A. It would have been \$4 million.

12 Q. And where did that money go to?

13 A. It went to a Cyprus bank account in Mr. Manafort's
14 control.

15 Q. So in 2012, did Mr. Manafort have money in his Cyprus
16 accounts of at least \$4 million?

17 A. He did.

18 Q. With respect to the document from Mr. Lakkis, it says,
19 "Last year we discussed the telecommunications company foreign
20 account as possible being reported."

21 What does that refer to?

22 A. This refers to one of the investments from our private
23 equity fund that Mr. Manafort had. And there was an
24 opportunity whereby Mr. Manafort wanted to exchange some of
25 the shares for loans that he had on his books over the years.

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1 And we made this known to the accountants so that we could
2 figure out what type of tax impact it might have.

3 Q. And in the course of that discussion about EVO Holdings,
4 was there a discussion about foreign bank accounts?

5 A. There was.

6 Q. And were there regulations explained?

7 A. Yes, I believe they were.

8 Q. Okay. If you'd turn to the next page, Government
9 Exhibit 2585.

10 And if I could ask you to zoom in on the top.

11 What do you understand this to be?

12 A. Based on Mr. Lakkis' e-mail, this was the attachment of
13 the financial regulation regarding ownership of foreign bank
14 accounts.

15 Q. Okay. And during this time period, were you having
16 discussions with Mr. Manafort about the disclosure of any
17 foreign bank accounts?

18 A. Yes.

19 Q. And did you have a discussion with him and pass on the
20 information from Mr. Lakkis?

21 A. Yes, we did.

22 Q. Okay. I want to ask you to turn to Government
23 Exhibit 195.

24 Can you tell me what that is?

25 MR. ANDRES: It's already in evidence, Your Honor.

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1 THE COURT: All right.

2 THE WITNESS: Yes. This is an e-mail chain from
3 Paul to me and then from me to Cindy.

4 MR. ANDRES: May I publish it, Your Honor?

5 THE COURT: You may.

6 BY MR. ANDRES:

7 Q. Starting with the bottom e-mail on September 15, 2015,
8 can you explain what's happening and summarize this e-mail for
9 the jury?

10 A. Yes. It appears that KWC had sent Mr. Manafort the tax
11 forms to sign. He signed the forms and then sent them to me
12 to forward to KWC.

13 Q. Okay. So these tax returns with respect to the year --
14 what year tax returns are these?

15 A. It's 2014.

16 Q. Okay. It came from Mr. Manafort to you; is that right?

17 A. Correct.

18 Q. And then you sent them on to KWC?

19 A. I did.

20 Q. Do you know why Mr. Manafort didn't just send them
21 directly?

22 A. I don't, but it wasn't unusual for him to just, from a
23 delegation point of view, send me documents to disburse among
24 other individuals.

25 Q. And did you send those along to KWC?

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1 A. I did.

2 Q. Did you make any changes to them?

3 A. No.

4 Q. Mr. Gates, let me direct your attention to late 2015.

5 Where were you working in 2015?

6 A. At DMP International.

7 Q. Did DMP International have any active clients?

8 A. No. We were attempting to secure a new contract with the
9 Opposition BLOC party in Ukraine, but at that time no new
10 contracts.

11 Q. How about 2016? Did you continue to work at DMP?

12 A. I did.

13 Q. Up until when?

14 A. Approximately, March of 2016.

15 Q. And what did you do in March of 2016?

16 A. I went to work on -- for one of the presidential
17 campaigns.

18 Q. And who hired you for that presidential campaign?

19 A. Mr. Manafort.

20 Q. And was he also working on the presidential campaign at
21 the time?

22 A. He was.

23 Q. With respect to the income that DMP was earning prior to
24 that, was he -- was DMP earning any income in 2016?

25 A. Not to my knowledge.

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1 Q. How did you know?

2 A. Ms. Washkuhn would typically prepare monthly
3 reconciliation pages with respect to both Mr. Manafort's
4 business and personal accounts so we'll have a snapshot of the
5 amount due in bills and then Ms. Washkuhn would request
6 funding for those payments.

7 Q. In late 2015 and early 2016, how many people were
8 employed at DMP?

9 A. Two.

10 Q. Who were they?

11 A. Myself and Alex Trusko.

12 Q. And what was Mr. Kilimnik's status?

13 A. He was still working with Mr. Manafort, but, to my
14 knowledge, he was being paid locally from Ukraine.

15 Q. During the time that you worked for Mr. Manafort from
16 2006 to 2016, was Mr. Kilimnik always associated with the firm
17 in some way?

18 A. Yes.

19 Q. In 2016, do you -- if DMP wasn't making any money, do you
20 know how Mr. Manafort was paying your salary?

21 A. Yes. The salary and the bills of the company were being
22 paid by savings and investment accounts that Mr. Manafort had
23 at the time.

24 Q. How did you know that?

25 A. Based on information that Ms. Washkuhn had circulated.

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1 Q. During this time period, were you also -- did you have
2 other businesses that you were involved in?

3 A. I did.

4 Q. Were you involved in a company called Map Global
5 Holdings?

6 A. Yes.

7 Q. What was the name of that company?

8 A. Map Global Holdings.

9 Q. And what did that involve?

10 A. It was PR and a movie production company.

11 Q. Okay. And did you make any money from that --

12 A. I did.

13 Q. -- company?

14 A. I did.

15 Q. Steve Brown involved in that company?

16 A. He was.

17 Q. Okay. And that's the instance where you were involved in
18 backdating documents?

19 A. Yes.

20 Q. How about ID Watchdog, what was that?

21 A. That was a company that I served as a board of directors
22 for.

23 Q. During this time period in 2015 and 2016, was
24 Mr. Manafort having issues with his expenses?

25 A. Yes.

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1 Q. What were the issues?

2 A. There were a number of vendors that had reached out to
3 both myself and Ms. Washkuhn, indicating that the bills had
4 not been paid and asking when payment might be received.

5 Q. During this time period, did Mr. Manafort begin applying
6 for bank loans?

7 A. He did.

8 Q. How did you know that?

9 A. He had requested a team of people to begin pulling
10 together an assortment of documents in order for him to apply
11 for the bank loans.

12 Q. Did he apply for one loan or more than one loan?

13 A. It was more than one loan.

14 Q. And what role did you play with respect to those loans?

15 A. It varied depending on the loan. But in large respect, I
16 was the point person for collecting all of the documents from
17 the various individuals and then submitting those to the
18 members of the various banks that Mr. Manafort directed.

19 Q. In the process of doing that, did you provide false
20 information to any of the banks where Mr. Manafort applied for
21 a bank [sic]?

22 A. Yes.

23 Q. Did Mr. Manafort know that you were doing that?

24 A. Yes.

25 Q. How did he know?

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1 A. Because he had requested certain things be changed in
2 some of the documents.

3 Q. And did you, in fact, alter those documents?

4 A. Yes, we did.

5 Q. Did you alter profit and loss documents?

6 A. Yes.

7 Q. How were you able to do that?

8 A. At one point, I was tasked with -- by Mr. Manafort,
9 speaking with Ms. Laporta, to determine whether or not there
10 could be any other sources of income.

11 At the time Ms. Laporta indicated to us that the
12 only way that you can find more income is if you have loans on
13 the books, but in doing so you have to forgive a loan and if
14 you do that, there's a tax consequence with that as well.

15 Q. Okay. But when you altered the P&L documents, physically
16 you changed them from PDF documents to other types of
17 documents?

18 A. Yes, to Word documents.

19 Q. Okay. Let me ask you to turn to Government Exhibit 380.
20 Can you tell me what this is?

21 A. This is an e-mail to me from Mr. Manafort.

22 Q. And does this relate to some of the loan applications
23 Mr. Manafort was making?

24 A. It does.

25 MR. ANDRES: The Government moves to admit

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1 Government Exhibit 380.

2 MR. DOWNING: No objection.

3 THE COURT: Admitted.

4 (Government's Exhibit No. 380
5 admitted into evidence.)

6 BY MR. ANDRES:

7 Q. Starting at the top, can you tell us who the e-mail is
8 from and to and the date?

9 A. Yes. It's to me from Mr. Manafort on January 6, 2016.
10 Subject is VIP time sensitive.

11 MR. ANDRES: Your Honor, may I publish this
12 document?

13 THE COURT: You may.

14 BY MR. ANDRES:

15 Q. Okay. And with respect to the document, what's the
16 title?

17 A. VIP time sensitive.

18 Q. Can you summarize the e-mail for the jury?

19 A. Yes. Mr. Manafort had requested me to reach out to
20 Mr. Ayliff in regards to a question that he wanted additional
21 information and was hoping for a specific answer in regards to
22 some of his properties that he was using to apply for the
23 loan.

24 Q. Mr. Manafort said he wants to cash out refinance on the
25 Howard Street property. What did you understand that to mean?

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1 A. That a cash-out refinance is, if successfully you obtain
2 the mortgage, then part of what you get back is cash.

3 Q. Mr. Manafort says, "For the maximum benefit I'm claiming
4 Howard Street as a second loan."

5 Do you know if Mr. Manafort has ever -- as a second
6 home, excuse me.

7 Has Mr. Manafort ever lived at Howard Street?

8 A. To my knowledge, no.

9 Q. Do you know what his primary residence was?

10 A. At that time it was his house in Florida.

11 Q. And how did you know his house in Florida was his primary
12 residence?

13 A. Because I, along with one of our legal advisors and real
14 estate attorneys, changed the incorporation documentation to
15 have the company listed as a Florida-based company and then
16 Mr. Manafort changed his state of residence to Florida.

17 Q. And the Howard Street property, what city and state was
18 that in?

19 A. That was in New York City, New York.

20 Q. When Mr. Manafort was in New York City, where did he
21 stay?

22 A. He had an apartment on Fifth Avenue.

23 Q. When Mr. Manafort said he -- in order to have a maximum
24 benefit that he's claiming Howard Street as a second home, do
25 you have an understanding what that referred to?

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1 A. Yes. Just that he was looking for the most favorable
2 terms in the mortgage interest rate.

3 Q. And do you know if there are different terms if the
4 property is a home or an investment property?

5 A. Based on my conversation with Ms. Laporta, yeah, she
6 described that there were.

7 Q. Okay. And then he -- he says he needs to be in touch
8 with David Fallarino. Who is that?

9 A. David Fallarino was the banking representative at
10 Citizens Bank.

11 Q. Okay. And he asked you to get in touch with Mr. Ayliff.

12 Did you ever get in touch with Mr. Ayliff?

13 A. I was not able to get in touch with Mr. Ayliff, but I was
14 able to speak with Ms. Laporta.

15 Q. And what, if anything, did Ms. Laporta -- what did you
16 understand about what actions Ms. Laporta had taken as a
17 result of that conversation?

18 A. Ms. Laporta had given some background information on the
19 various options and then she, I believe, had designated
20 Mr. Manafort to use this as a second home.

21 Q. Can I ask you to take a look at Government Exhibit 235.

22 Can you tell me what that is?

23 A. Originally this is an e-mail from Linda Francis in
24 regards to outstanding items she needed to process Paul's bank
25 loan application.

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1 Q. Who is Melinda Francis?

2 A. She was a banking representative at Citizens Bank that
3 worked with Mr. Fallarino.

4 Q. And do you know where Mr. Manafort was applying for -- or
5 the property -- excuse me.

6 Do you know what property he was seeking a loan with
7 respect to at Citizens Bank?

8 A. Yes. At Citizens I believe it was a property called
9 Union Street and also Baxter Street.

10 Q. Okay. Well, those were the mortgages. With respect to
11 the actual loan, did it relate to Howard Street?

12 A. Oh, yes, Howard Street.

13 Q. So if you look at number -- the e-mail from Mr. Manafort
14 to Ms. Francis on February 21st, can you tell me what that
15 says?

16 A. (As read): "Melinda, I have provided answers to the
17 questions that you posed in your e-mail. My answers are in
18 red. I will provide the requested documentation in the next
19 48 hours."

20 MR. ANDRES: The Government moves to admit
21 Government Exhibit 235.

22 THE COURT: Well, that portion of it I will admit.
23 Any objection to portion of it?

24 (A pause in the proceedings.)

25 MR. DOWNING: No, Your Honor.

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1 THE COURT: Admitted.

2 (Government's Exhibit No. 235
3 admitted into evidence.)

4 THE COURT: Next question. And that's an e-mail
5 from Mr. Manafort, so it's clearly admissible. I'm -- I'm not
6 sure you either need or want to have the hearsay testimony
7 from a person who isn't here and testifying.

8 MR. ANDRES: Thank you, Your Honor.

9 BY MR. ANDRES:

10 Q. With respect to the request for information, was there a
11 request for information about certain mortgages on properties
12 that Mr. Manafort owned?

13 A. There was.

14 Q. Okay. Was there a request for information with respect
15 to the Union Street property?

16 A. Yes.

17 Q. Okay. And how about the Baxter Street property?

18 A. Yes.

19 Q. Do you know when Mr. Manafort applied for the loan how he
20 represented the Union Street property?

21 A. He represented that it had no mortgage on the property.

22 Q. And did you understand that it did?

23 A. I later came to learn that it did, yes.

24 Q. Okay. How did you learn that fact?

25 A. From some documentation Mr. Manafort had requested me to

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1 gather from his insurance representative.

2 Q. Who is that?

3 A. Donna Duggan.

4 Q. And when you called Donna Duggan, what did you ask for?

5 A. I asked her for the current insurance policies that

6 Mr. Manafort had asked me to obtain for him from her.

7 Q. When you spoke to Ms. Duggan, did you ask for the current
8 policy or did you ask for a different copy?

9 A. At the time I asked --

10 THE COURT: The correct question is what did you ask
11 for, because otherwise you're only giving him two choices and
12 it's leading. What did you ask for is the question.

13 THE WITNESS: I asked for the current year policy.

14 BY MR. ANDRES:

15 Q. Okay. And did you later have a discussion with Ms. --

16 did you have a second discussion or interaction with

17 Ms. Duggan?

18 A. Yes.

19 Q. And what did you ask for then?

20 A. At that point Mr. Manafort had asked me to get the prior
21 year policy.

22 Q. Okay. And did you?

23 A. I did.

24 Q. And what did you do with that document?

25 A. I sent it to Melinda Francis at the bank.

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1 Q. And what did you represent that to be?

2 A. These were two of the insurance policies Mr. Manafort had
3 asked me to obtain for him, and both of them showed that they
4 were free and clear of any mortgages.

5 Q. And when you sent that document to Citizens Bank, was it
6 accurate?

7 A. It was not.

8 Q. How was it inaccurate?

9 A. Because there was a mortgage listed on the Union Street
10 property.

11 Q. Can I ask you to turn to Government Exhibit 237?

12 When you sent that inaccurate mortgage document to
13 the bank, did you know it was false?

14 A. Yes.

15 Q. And was Mr. Manafort involved in those e-mails?

16 A. He was.

17 Q. Can I ask you -- when you look at Government Exhibit 237,
18 can you tell me what that is?

19 A. This is an e-mail from me to Ms. Francis. I copied
20 Mr. Manafort and Ms. Washkuhn. And this is in regard to the
21 some of the outstanding documents that the bank had required.

22 Q. Okay. And you were sending documents back and forth to
23 Ms. -- to Ms. Francis on behalf of Mr. Manafort?

24 A. Yes.

25 Q. And is there attachment to this document?

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1 A. There is.

2 Q. And does that -- the attachment, is that the current
3 version of the insurance or is it the older version?

4 THE COURT: Again, you're giving him two choices.

5 MR. ANDRES: Understood, Your Honor. I'm sorry.

6 BY MR. ANDRES:

7 Q. With respect to the attachment, can you describe that to
8 the jury?

9 A. Yes. The effective date on the attachment is 10/12/2015,
10 which would have been the prior year policy.

11 Q. Okay. That document that you sent, what's the date of
12 that? The e-mail, I'm sorry.

13 A. The date of the e-mail is February 23, 2016.

14 Q. Okay. And the policy with respect to the Union Street
15 property, is that included in the document?

16 A. Yes.

17 Q. Okay. And with respect to the Union Street property,
18 what's the effective date of that policy?

19 A. The effective date is 10/12/2015.

20 MR. ANDRES: Can I have one moment, Your Honor?

21 THE COURT: Yes, you may.

22 (A pause in the proceedings.)

23 MR. ANDRES: I'll move on and come back to this
24 document, Your Honor.

25 THE COURT: I beg your pardon?

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1 MR. ANDRES: I said I was going to move on and come
2 back to this document, if that's okay.

3 THE COURT: All right.

4 MR. ANDRES: To move things along.

5 BY MR. ANDRES:

6 Q. Can I ask you to take a look at Government Exhibit 240.

7 Actually, I'm sorry, Mr. Gates, can you turn back to
8 the prior exhibit, 235 -- 237.

9 Can you look at the document marked "7526," the last
10 four Bates numbers?

11 A. Yes.

12 Q. Do you see that?

13 A. I do.

14 Q. What's the property listed there?

15 A. Property listed is 377 Union Street.

16 Q. What's the effective date of that policy?

17 A. 2/1/2016.

18 Q. And this is the document that's attached -- the -- the
19 insurance folders that's attached to Government's Exhibit 237;
20 is that right?

21 A. Yes.

22 Q. As far as you understood, how would you describe that
23 version of the policy?

24 A. This was the most current policy that had been submitted
25 by the insurance brokers.

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1 Q. Can I ask you now to turn to Government's Exhibit 240?

2 MR. ANDRES: Your Honor, I just want to make sure I
3 admit or I move to admit Government Exhibit 237 -- or 240.
4 I'm sorry. 240.

5 THE COURT: Not admitted yet.

6 MR. ANDRES: Move to admit it, Judge.

7 THE COURT: Any objection to 240, which is a -- just
8 a moment -- e-mail chain that includes Mr. Manafort? Any
9 objection.

10 MR. DOWNING: One moment, Your Honor.

11 MR. ANDRES: It's 237, Your Honor.

12 THE COURT: Oh, it was 237?

13 MR. ANDRES: Yes.

14 MR. DOWNING: I thought you said 240.

15 THE COURT: That's an e-mail chain Mr. --

16 MR. DOWNING: No objection.

17 THE COURT: No objection. All right. It's
18 admitted.

19 (Government's Exhibit No. 237
20 admitted into evidence.)

21 BY MR. ANDRES:

22 Q. Can I ask you to turn to Government Exhibit 240 now?

23 A. Yes.

24 Q. Can you tell me what that is?

25 A. This is an e-mail chain involving myself, Mr. Manafort,

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1 Ms. Washkuhn, and Ms. Francis.

2 Q. Okay. And is Ms. Francis asking a question in this -- in
3 this e-mail?

4 A. She is.

5 Q. Is Mr. Manafort included in these e-mails?

6 A. He is.

7 Q. Okay. And what is she asking?

8 A. She's asking about the properties in question, Union
9 Street and Baxter Street, as being owned free and clear.

10 Their records indicate that one of the properties was not.

11 Q. Has she received conflicting information, as you
12 understood at this time?

13 A. She did.

14 Q. Okay. And what was the conflicting information?

15 A. The conflicting information that she was given the
16 current year policy, which in the case of the one property
17 showed the mortgagee listed on it.

18 Q. Okay. Who had sent her the current policy?

19 A. I'm sorry.

20 Q. Who had sent her the current policy?

21 A. I sent her the current policy.

22 Q. Okay. And is that consistent with what Mr. Manafort
23 listed on his application?

24 A. The current policy was not accurate.

25 Q. Okay.

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1 A. Excuse me. The current policy was accurate.

2 Mr. Manafort had asked me to submit the prior year policies.

3 MR. ANDRES: Your Honor, the Government moves to
4 admit Government Exhibit 240.

5 MR. DOWNING: No objection.

6 THE COURT: Admitted.

7 (Government's Exhibit No. 240
8 admitted into evidence.)

9 BY MR. ANDRES:

10 Q. Can I ask you now to look at Government Exhibit 263?

11 Can you tell me what that is?

12 A. This is an e-mail from me to Donna Duggan. Mr. Manafort
13 had requested that I reach out to Ms. Duggan to get some
14 information that he had already spoken to her about.

15 Q. At the -- at the e-mail -- at the bottom e-mail, who is
16 that between?

17 A. At the bottom e-mail is between myself and Ms. Duggan.

18 MR. ANDRES: Your Honor, the Government moves to
19 admit 263.

20 MR. DOWNING: Without objection.

21 THE COURT: Admitted.

22 (Government's Exhibit No. 263
23 admitted into evidence.)

24 BY MR. ANDRES:

25 Q. And can you summarize for the jury what's happening in

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1 this e-mail?

2 MR. ANDRES: May I publish it, Your Honor.

3 THE COURT: You may.

4 THE WITNESS: Yes. Mr. Manafort asked that I reach
5 out to Ms. Duggan in order to get the prior year policy after
6 Ms. Francis had indicated that there was a discrepancy in the
7 current year policy.

8 BY MR. ANDRES:

9 Q. And did you e-mail back and forth with Ms. Duggan?

10 A. I did.

11 Q. Did you eventually speak with her?

12 A. I did.

13 Q. And what specifically did you request?

14 A. I requested the copy of the prior year policy per
15 Mr. Manafort.

16 Q. And did she -- why did you do that?

17 A. Because at the time Mr. Manafort had asked me to.

18 Q. And did she provide that?

19 A. She did.

20 Q. I'm going to show you Government Exhibit 384.

21 Can you tell me what that is?

22 A. It's an e-mail between me and Mr. Manafort.

23 Q. Okay. And does it relate to this issue that you've been
24 testifying about with Donna Duggan?

25 A. It does.

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1 Q. And the Citizens Bank loan?

2 A. Yes.

3 MR. ANDRES: The Government moves to admit
4 Government Exhibit 384.

5 MR. DOWNING: No objection.

6 THE COURT: Admitted.

7 (Government's Exhibit No. 384
8 admitted into evidence.)

9 MR. ANDRES: May I publish it?

10 THE COURT: You may.

11 BY MR. ANDRES:

12 Q. Can I focus on the e-mail at the bottom at 2:45?

13 Mr. Gates, can you explain that e-mail?

14 A. Yes. It is a follow-up for Mr. Manafort, indicating to
15 him that I was successful in reaching Ms. Duggan and told him
16 that we would have the amended policies very soon.

17 Q. Okay. So there were two insurance policies that you got
18 from Ms. Duggan; is that correct?

19 A. Correct.

20 Q. So with respect to the Baxter Street insurance policy,
21 the policy that was originally sent to the bank, how would you
22 describe that?

23 A. That was accurate.

24 Q. Okay. How?

25 A. In the sense that there was no mortgagee listed on that

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1 insurance policy.

2 Q. And did you get the right one?

3 A. We did.

4 Q. And what did you do with it?

5 A. Submitted it to her.

6 Q. With respect to the Union Street property, the one that
7 was originally submitted to the bank, was that the -- was that
8 correct?

9 A. It was not correct.

10 Q. Okay. The one that was originally sent to the bank?

11 A. The one that was -- the original policy was accurate. It
12 reflected the mortgagee.

13 Q. And what did you get from Ms. Duggan?

14 A. Ms. Duggan sent us the prior year policy, which we then
15 forwarded to the bank.

16 Q. And was that accurate?

17 A. That was not accurate.

18 Q. Okay. And your e-mail here on February 24, 2016 with
19 Mr. Manafort, what are you discussing?

20 A. Again, I'm updating Mr. Manafort on the status of his
21 request regarding the insurance policies. He then asked me
22 who we're sending these to at Citizens, or if I had sent them
23 to anybody at Citizens, and I said that I would be sending
24 them to Melinda.

25 Q. Okay. Can I show you Government Exhibit 262?

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1 Can you tell me what that is?

2 A. Yes. These are the declaration pages for both Union
3 Street property and Baxter Street, forwarded to Mrs. Duggan to
4 myself and Ms. Azzam at UBS Bank.

5 MR. ANDRES: The Government moves to admit 262.

6 MR. DOWNING: No objection.

7 THE COURT: Admitted.

8 (Government's Exhibit No. 262
9 admitted into evidence.)

10 BY MR. ANDRES:

11 Q. Is this the document that Ms. Duggan sent you after you
12 spoke to her?

13 A. It is.

14 Q. And how would you characterize this policy that she sent
15 to you after you spoke to her?

16 A. This was the prior year policy to the earlier one she had
17 sent.

18 Q. Okay. Can I show you now Government Exhibit 137?

19 What is Government Exhibit 137?

20 A. This is an e-mail from me to Ms. Francis, copying
21 Mr. Manafort and Ms. Washkuhn.

22 Q. Okay.

23 A. In regards to the two properties.

24 Q. And who is Melinda Francis?

25 A. She's the representative at Citizens Bank.

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1 Q. Okay. And what did you send her?

2 A. I sent her the two previous year policies on the two
3 properties.

4 Q. Where it says, "MC Brooklyn (Carol Gardens)," what's that
5 in reference to?

6 A. That is Union Street.

7 MR. ANDRES: The Government moves to admit
8 Government Exhibit 137.

9 MR. DOWNING: No objection.

10 THE COURT: It's admitted.

11 (Government's Exhibit No. 137
12 admitted into evidence.)

13 BY MR. ANDRES:

14 Q. With respect to the --

15 MR. ANDRES: Thank you, Your Honor.

16 BY MR. ANDRES:

17 Q. With respect to MC Brooklyn, Carol Gardens, what property
18 is that?

19 A. The Union Street property.

20 Q. Okay. And what -- how would you characterize the
21 insurance policy that you sent to Melinda Francis on this date
22 with respect to that property?

23 A. So this e-mail attaches the two older policies, which
24 reflect no mortgagees on the properties.

25 Q. Okay. And with respect to Baxter Street, was there a

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1 mortgage there?

2 A. There was not.

3 Q. Okay. And with respect to Union Street, was there a
4 mortgage there?

5 A. There was.

6 Q. Okay. During the course of the dealings with Citizens
7 Bank, did an issue arise with respect to Peranova?

8 A. Yes.

9 Q. Okay. And what issue arose with respect to Peranova?

10 A. The issue that arose was regarding the effort of
11 Mr. Manafort to find additional income for the mortgage
12 application. This is when one of the loans that was on the
13 books at DMP had been forgiven and then was treated as income.

14 Q. Okay. So -- and that loan related to what entity?

15 A. Peranova Holdings.

16 Q. And during the course of the time that you worked for
17 Mr. -- what was Peranova?

18 A. Peranova was a Cypriote entity and the controller was
19 Mr. Manafort.

20 Q. During the time that you worked for Mr. Manafort, did
21 Peranova, the Cypriote entity, ever make a loan to
22 Mr. Manafort?

23 A. It did not.

24 Q. Were there payments from Peranova to Mr. Manafort?

25 A. There were.

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1 Q. What were they?

2 A. Income.

3 Q. Were they always income?

4 A. To my knowledge, yes.

5 Q. Can I ask you to look at Government Exhibit 163?

6 MR. ANDRES: It's already admitted into evidence,

7 Your Honor.

8 BY MR. ANDRES:

9 Q. Can you tell me what Government Exhibit 163 is?

10 A. Yes. It's an e-mail exchange initially between David
11 Fallarino and Cindy Laporta, and then later -- yes, and copies
12 Ms. Francis.

13 Q. And with respect -- and you're on the top e-mail?

14 A. I'm on the top and Mr. Manafort is as well.

15 Q. And what's the -- what's the date of the e-mail, the top
16 one?

17 A. February 4, 2016.

18 Q. Okay. Can you look at the e-mail on February 4 at four
19 o'clock where it says, "we qualify for everything," do you see
20 that?

21 A. Yes.

22 Q. Can you describe what's -- what's being conveyed to
23 Mr. Manafort there?

24 A. Yes. So after submitting a series of documents, the bank
25 came back and indicated areas that we were still lacking in

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1 documentation. One of the areas that they described is based
2 on the information they received in terms of the
3 differentiating tax years, is there was a liquidity issue with
4 respect to Mr. Manafort's current year income.

5 Q. Okay. And did you solve that problem or was that problem
6 solved in some regard?

7 A. I believe it was, yeah, solved partially.

8 Q. Okay. How?

9 A. By converting the Peranova loan to income, we were able
10 then to treat that as income on the books for 2015.

11 Q. And when you say, "converted," how did you convert that?

12 A. We did a loan forgiveness letter between Peranova and DMP
13 International.

14 Q. And who is Peranova?

15 A. A company controlled by Mr. Manafort.

16 Q. Did a loan forgiveness letter between Mr. Manafort and
17 Mr. Manafort?

18 A. Yes.

19 Q. And was the -- were the details of that loan forgiveness,
20 the dates, were they accurate?

21 A. They were not.

22 Q. And did Ms. Laporta help you with that process?

23 A. She did.

24 Q. Can I ask you to turn to Government Exhibit 164?

25 MR. ANDRES: This is already in evidence, Your

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1 Honor.

2 BY MR. ANDRES:

3 Q. Can you take a look at Government Exhibit 164 and let me
4 know when you've had a chance to read it?

5 A. Okay.

6 Q. Can you look at the e-mail at 3:28 on the first page and
7 explain, summarize that for the jury?

8 A. Yes. Ms. Laporta is reaching out to me and she's says
9 that she will need documentation supporting the 1.5 million
10 loan forgiveness. This is in order so that she can report it
11 to the banker. So this is the letter that I had mentioned
12 earlier that she's requesting to demonstrate the loan.

13 Q. Okay. And how did you respond?

14 A. I responded that I will get her the letter and then she
15 could do the cover letter that Mr. Manafort had requested.

16 Q. At the time that you're discussing writing this letter,
17 had the loan, in fact, been forgiven?

18 A. No.

19 Q. It never existed in the first place?

20 A. Correct.

21 Q. Can I ask you to turn to Government Exhibit 165?

22 THE COURT: But the money represented, was that
23 actual money paid to Mr. Manafort for services?

24 THE WITNESS: It was.

25 THE COURT: Next question.

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1 BY MR. ANDRES:

2 Q. Can I ask you to turn to Government 165?

3 MR. ANDRES: Which is already in evidence, Your
4 Honor.

5 THE COURT: All right.

6 We're going recess at 12:30, ladies and gentlemen.

7 BY MR. ANDRES:

8 Q. When you look at Government Exhibit 165, can you describe
9 that for the jury, Mr. Gates?

10 A. Yes. This is the draft loan forgiveness letter that I
11 had sent to Ms. Laporta so that she could review and make sure
12 that nothing else needed to be included with it before I got
13 the signatures.

14 Q. And what is the date on the e-mail that you send to
15 Ms. Laporta?

16 A. It is February 8, 2016.

17 MR. ANDRES: May I publish this, Your Honor?

18 THE COURT: Yes.

19 BY MR. ANDRES:

20 Q. Just highlight the date.

21 Where do you see the date on that e-mail?

22 A. Where it says, "sent, Monday, 2/8/2016."

23 Q. And who is the e-mail to?

24 A. To Cindy Laporta from me.

25 Q. And if you look now at the attachment, what is that?

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1 A. Peranova loan forgive.

2 Q. Okay. And what's the date on the letter?

3 A. June 23, 2015.

4 Q. When you wrote the letter, did you put the right date?

5 A. No. The income needed to be associated with 2015, so we
6 had to secure a date in that year.

7 Q. And, again, the purpose for this document is to do what?

8 A. To forgive a loan in order to treat loan as income in
9 2015.

10 Q. And that was in relation to Mr. Manafort's bank loan
11 application?

12 A. Bank loan application, that's correct.

13 THE COURT: Was the money involved always income?

14 THE WITNESS: It was.

15 THE COURT: Next question.

16 BY MR. ANDRES:

17 Q. Can I ask you to turn to Government Exhibit 166?

18 A. Okay.

19 MR. ANDRES: This is already in evidence, Your
20 Honor.

21 THE COURT: All right.

22 BY MR. ANDRES:

23 Q. Can I ask you to take a look at Government Exhibit 166
24 and explain who that e-mail is to and from and summarize it
25 for the jury?

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1303

1 A. Yes. It's to Ms. Laporta from me and it's in regards to
2 the loan letter that she, in essence, approved. And then she
3 was going to originally do a cover e-mail of -- Mr. Manafort
4 had requested actually a cover letter with the KWC letterhead
5 on it because it was being submitted to the bank. So I'm
6 asking her basically to do a letter instead of an e-mail.

7 Q. Okay. And this, again, relates to the Peranova loan
8 forgiveness issue?

9 A. It does.

10 Q. Okay. Can I ask you to turn to Government Exhibit 389?

11 Can you describe Government Exhibit 389?

12 A. This is an e-mail to Mr. Manafort from me.

13 Q. Okay.

14 MR. ANDRES: Your Honor, the Government moves to
15 admit Government Exhibit 389.

16 MR. DOWNING: No objection.

17 THE COURT: Admitted.

18 (Government's Exhibit No. 389
19 admitted into evidence.)

20 BY MR. ANDRES:

21 Q. And can you describe what's happening here in the e-mail
22 from you to Mr. Manafort?

23 A. Yes. After Ms. Laporta approved the letter, I sent it to
24 Mr. Manafort to get his approval and sign off as well in case
25 he wanted to add anything.

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1 Q. And did he ultimately approve?

2 A. Yes, he did.

3 Q. Okay. Can you turn to Government Exhibit 388?

4 Can you tell me what that is?

5 A. Yes. This is a continuation of the previous e-mail.

6 This shows that Mr. Manafort is fine with the letter and it
7 can go forward and he requests that it be on KWC's stationary,
8 and then I indicate that the cover note from Ms. Laporta will
9 be, but that the forgiveness letter would be on Peranova
10 letterhead since Peranova was forgiving the loan.

11 MR. ANDRES: Government moves to admit Government
12 Exhibit 388.

13 MR. DOWNING: No objection.

14 THE COURT: Admitted.

15 (Government's Exhibit No. 388
16 admitted into evidence.)

17 BY MR. ANDRES:

18 Q. Mr. Gates, with respect to the income that was at issue
19 in Peranova, there's -- do you know what year that was
20 actually earned?

21 A. I believe it was 2012.

22 Q. Okay. It wasn't 2015; is that correct?

23 A. That's correct.

24 Q. Can I ask you to turn to Government Exhibit 167?

25 Can you tell me what that is?

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1 A. Yes. This is the final letter that I send to Ms. Laporta
2 with the director of the signature from the Cypriote company.

3 Q. Okay. And who is the director from the Cypriote company?

4 A. In this case, it was a woman by the name of
5 Ms. Chrysostomides.

6 Q. Okay. And is that an individual that's associated with
7 Dr. K?

8 A. Dr. K's firm, that's correct.

9 Q. Okay. With respect to the e-mail in 167, what's the date
10 of that e-mail?

11 A. February 9, 2016.

12 Q. Okay. And the -- and the letter that was signed?

13 A. June 23, 2015.

14 MR. ANDRES: The Government moves to admit 167.

15 MR. DOWNING: No objection.

16 THE COURT: Admitted.

17 Is this an appropriate time? It's now virtually
18 12:30.

19 MR. ANDRES: I have two documents left of this loan,
20 Judge. Could I finish those?

21 THE COURT: All right. Go ahead. You may do it.

22 BY MR. ANDRES:

23 Q. Take a look at Government Exhibit 424.

24 Can you tell me what that is?

25 A. Let's see. Yes, this is in reference to the loan.

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1 Mr. Manafort is on an e-mail exchange with other individuals
2 from Citizens Bank, and this is where the requirement from the
3 bank saying that the letter from Ms. Laporta will need to be
4 on KWC letterhead. So this is where Mr. Manafort is
5 requesting me to make sure that we get that on KWC letterhead.

6 Q. Just to clarify, you said this relates to a loan. It
7 relates to the loan application at Citizens Bank?

8 A. Yes.

9 Q. And also the --

10 A. The Peranova loan, correct.

11 MR. ANDRES: And the Government moves to admit 424,
12 Your Honor.

13 MR. DOWNING: No objection.

14 THE COURT: Admitted.

15 (Government's Exhibit No. 424
16 admitted into evidence.)

17 BY MR. ANDRES:

18 Q. During the process of crafting the letter for the bank
19 and interacting with Ms. Laporta, was Mr. Manafort fully
20 informed of what was happening with respect to the Peranova
21 letter?

22 A. Yes.

23 Q. And did you include him on e-mails?

24 A. Yes.

25 Q. And the the e-mail in 424, Mr. Manafort is included in

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1 that e-mail chain; is that right?

2 A. He is.

3 Q. And if you look at the top e-mail on 424, does it
4 reference a conversation between Mr. Manafort and Ms. Laporta?

5 A. Well, it's a reference to me talking to Ms. Laporta and
6 updating Mr. Manafort.

7 Q. I'm sorry, so that's -- that top e-mail is for you?

8 A. Yes.

9 Q. Okay. And you were informing Mr. Manafort of what?

10 A. That Cindy would put the letter on the letterhead.

11 Q. Okay. Let me show you Government Exhibit 168, the last
12 document, as it relates to this issue.

13 MR. ANDRES: This is already in evidence, Your
14 Honor.

15 THE COURT: All right.

16 BY MR. ANDRES:

17 Q. Can you take a look at the exhibit at 168? Tell me what
18 that is.

19 A. Yes, this is in regard to another issue Mr. Fallarino
20 highlighted for Mr. Manafort and had asked Ms. Laporta to
21 become involved in terms of the ordinary income versus the
22 dividend income in regards to Mr. Manafort's income.

23 Q. Okay. But attached to this string of e-mails, if you
24 look at the last page, it's the forgiveness letter?

25 A. It is.

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1308

1 Q. Okay. And in this -- is that forgiveness letter now
2 being sent to Citizens Bank?

3 A. Yes, Ms. Laporta sent it with her cover note on the page
4 prior.

5 Q. Okay. And who was CC'd on that cover note?

6 A. Let's see.

7 Q. On the first page at 168?

8 A. Oh, 168. So it was myself and Mr. Manafort.

9 MR. ANDRES: Your Honor, I can stop now if that's
10 appropriate.

11 THE COURT: Yes.

12 All right. You may step down, Mr. Gates. And
13 remember, you may not discuss your testimony with anyone
14 during the luncheon recess.

15 THE WITNESS: Understood.

16 THE COURT: We'll reconvene at 1:35.

17 Mr. Andres, how much more do you anticipate with
18 this witness?

19 MR. ANDRES: Less than an hour, Your Honor.

20 THE COURT: Now, you've listed on your witness list
21 a number of witnesses. We've heard thus far from 15. This is
22 the fifteenth witness and we're not yet finished, and there
23 are twice that number on your list. I assume not all of those
24 you expect to call?

25 MR. ANDRES: That's absolutely true, Your Honor.

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1 THE COURT: All right. And when do you think you'll
2 finish your case in chief?

3 MR. ANDRES: Your Honor, we're hoping by the end of
4 this week. That's our intention.

5 THE COURT: All right. Pass your books to the
6 right, ladies and gentlemen. You've done that.

7 Remember, during the luncheon recess not to discuss
8 the case with anyone or undertake any investigation on your
9 own. I hope you enjoy your pheasant under glass or whatever
10 else you were able to see on the menu. I've looked pretty
11 hard at Panera's menu, but I've never seen that. So maybe if
12 you do get something engaging, you can tell me about it and
13 I'll take steps to get it.

14 Thank you. We'll resume at -- well, let's resume at
15 1:35.

16 You may follow Mr. Flood out.

17 (Jury dismissed.)

18 (Lunch Recess 12:32 p.m.)

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CERTIFICATE OF REPORTER

I, Tonia Harris, an Official Court Reporter for the Eastern District of Virginia, do hereby certify that I reported by machine shorthand, in my official capacity, the proceedings had and testimony adduced upon the Jury Trial in the case of the **UNITED STATES OF AMERICA versus PAUL J. MANAFORT, JR.**, Criminal Action No. 1:18-CR-83, in said court on the 7th day of August, 2018.

I further certify that the foregoing 133 pages constitute the official transcript of said proceedings, as taken from my machine shorthand notes, my computer realtime display, together with the backup tape recording of said proceedings to the best of my ability.

In witness whereof, I have hereto subscribed my name, this August 7, 2018.

Tonia M. Harris, RPR
Official Court Reporter